DRAKENSTEIN
MUNISIPALITEIT • MUNICIPALITY • UMASIPALA
Paarl | Wellington | Gouda | Saron | Simondium

AUDITED ANNUAL FINANCIAL STATEMENTS

For the year ended 30 June 2018

2018 -11- 30
AUDITOR - GENERAL
SOUTH AFRICA

A city of excellence

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GENERAL INFORMATION

MEMBERS OF THE EXECUTIVE MAYORAL COMMITTEE

COUNCILLOR	PORTFOLIO
CJ POOLE	EXECUTIVE MAYOR AND CHAIRPERSON OF MAYORAL COMMITTEE
GC COMBRINK	DEPUTY EXECUTIVE MAYOR & MAYORAL COMMITTEE MEMBER OF FINANCE PORTFOLIO COMMITTEE; CHAIRPERSON FINANCE COMMITTEE
MA ANDREAS	MAYORAL COMMITTEE MEMBER OF RURAL DEVELOPMENT
WF PHILANDER	MAYORAL COMMITTEE MEMBER OF SOCIAL SERVICES
L WILLEMSE	MAYORAL COMMITTEE MEMBER OF HUMAN SETTLEMENTS AND PROPERTY DEVELOPMENT
C KEARNS	MAYORAL COMMITTEE MEMBER OF ENVIRONMENT AND OPEN SPACES
LP MAKOENA	MAYORAL COMMITTEE MEMBER OF CORPORATE SERVICES
R SMUTS	MAYORAL COMMITTEE MEMBER OF PUBLIC SAFETY
RH VAN NIEUWENHUIZEN	MAYORAL COMMITTEE MEMBER OF COMMUNICATION AND INTERGOVERNMENTAL RELATIONS
JF LE ROUX	MAYORAL COMMITTEE MEMBER OF ENGINEERING SERVICES
J MILLER	MAYORAL COMMITTEE MEMBER OF PLANNING & ECONOMIC DEVELOPMENT AND TOURISM
LT VAN NIEKERK	MAYORAL COMMITTEE MEMBER OF RECREATION, ARTS AND CULTURE

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COUNCIL MEMBERS

NR	SURNAME	INITIALS	NR	SURNAME	INITIALS
1	ABRAHAMS	AW	34	MATTHEE	HJN
2	ADRIAANSE	MM	35	MATTHEE	J
3	AFRIKA	AF	36	MBENENE	NP
4	ANDERSON	JV	37	MDUNUSIE	MN
5	ANDREAS	MA	38	MEYER	WPD
6	ARNOLDS	RB	39	MILLER	J
7	BEKEER	A	40	MKABILE	ND
8	BESTER	TG	41	MOKOENA	LP
9	BLANCKENBERG	DS	42	MPULANYANA	TR
10	BOOYSEN	VC	43	NIEHAUS	LW
11	BUCKLE	AML	44	NOBULA	MD
12	COMBRINK	GC	45	NQORO	TZ
13	CUPIDO	FP	46	NZELE	LV
14	CUPIDO	PBA	47	PHILANDER	WF
15	DE GOEDE	HR	48	POOLE	CJ
16	DE WET	J	49	RENS	SC
17	DUBA	BP	50	RICHARDS	AM
18	FORD	GH	51	ROSS	S
19	GEORGE	NN	52	SAMBOKWE	LS
20	GOUWS	E	53	SAUERMAN	ND
21	JACOBS	F	54	SEPTEMBER	SE
22	JONAS	SX	55	SMIT	J
23	KEARNS	C	56	SMIT	WE
24	KLAAS	MT	57	SMUTS	R
25	KOEGELENBERG	RA	58	SOLOMONS	EA
26	KOTZE	HJ	59	STOWMAN	AC
27	KROUTZ	C	60	VAN NIEKERK	LT
28	LANDU	L	61	VAN NIEUWENHUYZEN	RH
29	LE HOE	MJ	62	VAN SATEN	AJ
30	LE ROUX	JF	63	VIKA	M
31	LUGQOLA	A	64	WILLEMSE	L
32	MANGENA	TC	65	ZIKHALI	N
33	MASOKA	ZL			

I certify that the remuneration, allowances and benefits of the above Councillors as disclosed in note 31 of the Annual Financial Statements are within the upper limits of the framework envisaged in section 219 of the constitution, read with the Remuneration of Public Office Bearers Act and the Minister of Provincial and Local Governments determination in accordance with this Act.

DR JH LEIBBRANDT
CITY MANAGER

2018 -11- 30
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MEMBERS OF THE AUDIT COMMITTEE

MR R KINGWILL	CHAIRPERSON
DR WJ SEWELL	MEMBER
MS K MONTGOMERY	MEMBER
MR T ARENDSE	MEMBER

GENERAL INFORMATION

AUDITORS	THE AUDITOR-GENERAL OF SOUTH AFRICA
BANKERS	FIRST NATIONAL BANK
REGISTERED OFFICE	DRAKENSTEIN MUNICIPALITY
PHYSICAL ADDRESS	BERG RIVER BOULEVARD PAARL 7622
POSTAL ADDRESS	P O BOX 1 PAARL 7646
TELEPHONE	(021) 807 - 4500
FAX	(021) 872 - 8054
CITY MANAGER	DR JH LEIBBRANDT
CHIEF FINANCIAL OFFICER	MR J CARSTENS
EXECUTIVE MAYOR	COUNCILLOR CJ POOLE
EXECUTIVE DEPUTY MAYOR	COUNCILLOR GC COMBRINK
SPEAKER	COUNCILLOR AC STOWMAN

EXECUTIVE MANAGEMENT

POSITION	NAME
CITY MANAGER	DR JH LEIBBRANDT
EXECUTIVE DIRECTOR: CORPORATE SERVICES	MR S JOHAAR
CHIEF FINANCIAL OFFICER	MR J CARSTENS
EXECUTIVE DIRECTOR: PLANNING & DEVELOPMENT	MRS L WARING
EXECUTIVE DIRECTOR: ENGINEERING SERVICES	MR D HATTINGH
EXECUTIVE DIRECTOR: COMMUNITY SERVICES	MR GBF BOSHOFF

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APPROVAL OF FINANCIAL STATEMENTS

I am responsible for the preparation of these Annual Financial Statements, which are set out on pages 1 to 124, in terms of Section 126(1) of the Municipal Finance Management Act (Act No 56 of 2003) and which I have signed on behalf of the municipality.

DR JH LEIBBRANDT
CITY MANAGER

31 August 2018

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DRAKENSTEIN MUNICIPALITY
STATEMENT OF FINANCIAL POSITION
AT 30 JUNE 2018

	Note	2018 R	2017 RESTATED R
ASSETS			
Non-current assets		**5,874,329,752**	**4,982,242,844**
Property, Plant and Equipment	11	5,782,370,804	4,905,285,707
Heritage assets	14	41,223,700	27,542,700
Intangible assets	12	4,960,456	6,464,251
Investment property	13	44,390,000	40,650,000
Non-current investments	15	128,762	132,990
Non-current receivables from exchange transactions	16	1,256,030	2,167,195
Current assets		**643,243,173**	**629,284,928**
Inventory	17	21,664,791	23,811,954
Trade and other receivables from exchange transactions	19	253,463,027	206,388,360
Receivables from non-exchange transactions	20	90,209,102	70,822,925
Current portion of non-current receivables	16	329,048	320,176
Cash and cash equivalents	21	229,099,916	289,280,521
VAT receivable	18	48,477,288	38,660,992
Total Assets		***6,517,572,926***	***5,611,527,771***
NET ASSETS AND LIABILITIES			
Non-current liabilities		**1,655,409,655**	**1,313,051,086**
Borrowings	5	1,333,295,041	1,029,648,672
Non-current defined benefit obligations	6	119,214,000	113,752,000
Non-current provisions	7	201,662,002	167,585,754
Non-current finance lease liability	5	1,238,612	2,064,660
Current liabilities		**679,423,412**	**539,341,698**
Consumer deposits	8	39,819,252	37,806,852
Trade and other payables from exchange transactions	9	352,841,277	256,137,590
Unspent conditional grants and receipts	10	84,051,261	50,601,266
Current portion of non-current borrowings	5	171,335,664	160,839,692
Current portion of finance lease liabilities	5	3,488,114	1,924,571
Current defined benefit obligations	6	7,786,000	7,144,000
Current provisions	7	20,101,844	24,887,727
Net assets		**4,182,739,859**	**3,759,134,988**
Reserves and funds	3	1,617,859,741	1,233,155,247
Housing development fund	2	20,527,483	24,102,259
Accumulated surplus / (deficit)	4	2,544,352,635	2,501,877,482
Total Net Assets and Liabilities		***6,517,572,926***	***5,611,527,772***

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DRAKENSTEIN MUNICIPALITY
STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 30 JUNE 2018

	Note	2018 R	2017 RESTATED R
REVENUE			
Revenue from exchange transactions			
Service charges	23	1,292,300,481	1,232,940,579
Sale of Goods and Rendering of Services	24	10,924,234	11,928,741
Rental from fixed assets	25	30,473,307	27,520,164
Finance income and dividends	26	38,719,750	36,716,831
Operational revenue (exchange)	29	3,695,012	6,537,840
Licences and permits		17,329,103	15,873,630
Revenue from non-exchange transactions			
Property rates	22	245,517,386	224,772,167
Surcharges and taxes		1,453,967	1,356,616
Fines, penalties and forfeits	27	92,938,480	69,610,030
Transfers and subsidies	28	308,004,189	219,228,804
Operational revenue (non - exchange)	29	7,825,306	440,748
Total Revenue		**2,049,181,217**	**1,846,926,150**
EXPENDITURE			
Employee related costs	30	567,468,315	462,451,359
Councillor related costs	31	28,062,166	26,343,238
Depreciation and amortisation	33	186,526,978	175,303,878
Operating leases		17,135,209	15,763,490
Interest paid	35	132,449,712	93,989,644
Bulk purchases : electricity	36	632,000,521	635,415,938
Bulk purchases : water	36	2,738,869	23,369,899
Contracted services	37	180,568,754	175,559,425
Inventory consumed		38,322,172	37,951,155
Transfers and subsidies : operational expenditure		10,531,922	5,488,776
Operational cost	38	82,731,216	54,389,133
Total Expenditure		**1,878,535,834**	**1,706,025,934**
GAINS AND LOSSES			
Impairment losses on financial assets	32	128,634,998	105,352,037
Impairment losses on PPE, IA, IP & HA	34	27,983,597	48,796
Gains /(losses) on disposal of PPE, IA, IP & HA		11,311,420	10,792,454
Fair value adjustments Financial Assets		4,228	3,472
Fair value adjustments Investment Property		(3,740,000)	(3,070,000)
Gains/(losses) on Inventory		(22,350)	345,878
Gains from assets from non-exchange transactions		(291,000)	(7,993,136)
		163,880,894	**105,479,501**
Total Surplus / (Deficit) from operations		**6,764,489**	**35,420,716**

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CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 JUNE 2018

	Note	2018	2017 RESTATED
		R	R
CASH FLOW FROM OPERATING ACTIVITIES			
RECEIPTS			
Property rates		241,880,363	226,527,648
Sale of goods and services		1,148,134,978	1,155,749,818
Grants received		317,827,859	225,883,745
Interest received		38,704,630	36,701,711
Dividends received		15,120	15,120
Other receipts and fines received		109,511,915	94,662,998
PAYMENTS			
Employee cost		(589,309,710)	(497,345,597)
Suppliers		(853,031,572)	(919,684,904)
Interest paid		(124,741,177)	(93,989,644)
VAT paid		(9,816,297)	(21,276,545)
NET CASH FROM OPERATING ACTIVITIES	39	279,176,109	207,244,350
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment and intan		(657,160,116)	(535,995,862)
Proceeds on disposal of property, plant and equipme		0	0
Decrease/(Increase) in non-current receivables		911,165	636,765
(Decrease)/Increase in non current investment		0	257,013
NET CASH FROM INVESTING ACTIVITIES		(656,248,951)	(535,102,084)
CASH FLOWS FROM FINANCING ACTIVITIES			
(Decrease) / Increase in long-term liabilities		314,142,342	287,651,031
Increase in consumer deposits		2,012,399	3,855,317
Increase/(Decrease) in Financial Lease Liability		737,495	926,846
NET CASH FROM FINANCING ACTIVITIES		316,892,236	292,433,194
NET INCREASE/(DECREASE) IN CASH AND CASH EQUI		(60,180,606)	(35,424,541)
Cash and cash equivalents at the beginning of the year	21	289,280,521	324,705,061
Cash and cash equivalents at the end of the year	21	229,099,915	289,280,520

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DRAKENSTEIN MUNICIPALITY

STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2018

	Note	Housing Development Fund	Revaluation Reserve	Total Accumulated Surplus	Total
		R	R	R	R
OPENING BALANCES 30 JUNE 2016		**20,144,124**	**1,320,315,451**	**2,445,991,116**	**3,786,450,691**
PRIOR YEAR ADJUSTMENTS					
Correction of prior period expenditure payments	40(b)(iv)(b)	0	0	44,635	44,635
Correction of unclaimed cheques reversed	40(b)(iv)(c)	0	0	186,089	186,089
Correction of motor licences	40(b)(iv)(e)	0	0	(1,654,676)	(1,654,676)
Correction of store expenditure	40(b)(iv)(i)	0	0	(2,000)	(2,000)
Correction of opening balances	40(b)(iv)(l)	0	0	(383,465)	(383,465)
Correction of deposit recognised as Income	40(b)(iv)(n)	0	0	(5,188)	(5,188)
Correction of SALGA expenditure	40(b)(iv)(q)	0	0	(729,296)	(729,296)
Correction of Workmans Compensation	40(b)(iv)(s)	0	0	6,236,792	6,236,792
Correction of water stock	40(b)(iv)(w)	0	0	(1,260,819)	(1,260,819)
Correction of PPE	40(b)(iv)(x)	0	(54,378,779)	(13,941,255)	(68,320,034)
Correction of intangible assets	40(b)(iv)(y)	0	0	(350)	(350)
Correction of traffic fines	40(b)(iv)(z)			962,317	962,317
RESTATED BALANCES 30 JUNE 2016		**20,144,124**	**1,265,936,672**	**2,435,443,900**	**3,721,524,696**
2017					
Net surplus/(deficit) for the year (Restated)		0	0	35,420,716	35,420,716
Asset Disposals		0	(7,849,824)	7,849,824	0
Revaluations		0	(875,000)	0	(875,000)
Transfer to Housing Development Fund		3,958,134	0	(893,558)	3,064,576
Offsetting of Depreciation		0	(24,056,600)	24,056,600	0
RESTATED BALANCES 30 JUNE 2017		**24,102,258**	**1,233,155,248**	**2,501,877,481**	**3,759,134,987**
2018					
Net surplus/(deficit) for the year		0	0	6,764,489	6,764,489
Asset Disposals		0	149,699	(149,699)	0
Revaluations		0	417,042,810	0	417,042,810
Transfer to Housing Development Fund		(3,574,776)	0	3,372,346	(202,430)
Offsetting of Depreciation		0	(32,488,016)	32,488,016	0
BALANCE AT 30 JUNE 2018		**20,527,483**	**1,617,859,741**	**2,544,352,634**	**4,182,739,857**
NOTE REFERENCE		***2***	***3***	***4***	

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DRAKENSTEIN MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2018

DESCRIPTIONS	Original Total Budget	Budget Adjustments	Final Adjustments Budget	Shifting of funds	Virement	Final Budget	Actual Outcome	Unauthorised Expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget
	R	R			R	R	R	R	R	R	R
FINANCIAL POSITION											
Current Assets											
Inventories	19,817,591	14,405,217	34,222,808	0	0	34,222,808	21,664,791	0	(12,558,017)	63.31%	109.32%
Receivables from Exchange Transactions	202,608,527	77,742,093	280,350,620	0	0	280,350,620	253,463,027	0	(26,887,593)	90.41%	125.10%
Receivables from Non-exchange Transactions	76,529,740	43,992,128	120,521,868	0	0	120,521,868	90,209,102	0	(30,312,766)	74.85%	117.87%
VAT Receivable	0	0	0	0	0	0	48,477,288	0	48,477,288	0.00%	0.00%
Cash and Cash Equivalents	408,859,432	68,302,983	477,162,416	0	0	477,162,416	229,099,916	0	(248,062,500)	48.01%	56.03%
Current Portion of Long-term Receivables	325,000	(4,824)	320,176	0	0	320,176	329,048	0	8,872	102.77%	101.25%
Non-Current Assets											
Property, Plant and Equipment	5,500,955,923	207,398,693	5,708,354,616	0	0	5,708,354,616	5,782,370,804	0	74,016,188	101.30%	105.12%
Intangible Assets	8,411,506	(2,210,000)	6,201,506	0	0	6,201,506	4,960,456	0	(1,241,050)	79.99%	58.97%
Investment Property	57,430,000	(14,500,000)	42,930,000	0	0	42,930,000	44,390,000	0	1,460,000	103.40%	77.29%
Heritage Assets	0	0	0	0	0	0	41,223,700	0	41,223,700	0.00%	0.00%
Non-current Investments	146,153	(13,163)	132,990	0	0	132,990	128,762	0	(4,228)	96.82%	88.10%
Long-term Receivables	2,585,946	(560,822)	2,025,124	0	0	2,025,124	1,256,030	0	(769,094)	62.02%	48.57%
Total Assets	6,277,669,817	394,552,307	6,672,222,124	0	0	6,672,222,124	6,517,572,925	0	(154,649,198)	97.68%	103.82%
Current Liabilities											
Consumer Deposits	32,113,317	7,623,724	39,737,041	0	0	39,737,041	39,819,252	0	82,211	100.21%	124.00%
Provisions	45,289,573	427	45,290,000	0	0	45,290,000	20,101,844	0	(25,188,156)	44.38%	44.39%
Payables	306,136,649	(56,232,144)	249,904,505	0	0	249,904,505	352,841,277	0	102,936,772	141.19%	115.26%
Unspent Conditional Grants and Receipts	0	0	0	0	0	0	84,051,261	0	84,051,261	0.00%	0.00%
VAT Payable	0	0	0	0	0	0	0	0	0	0.00%	0.00%
Retirement Benefit Liabilities - short term portion	0	0	0	0	0	0	7,786,000	0	7,786,000	0.00%	0.00%
Current Portion of Long-term Liabilities	127,705,098	35,059,165	162,764,263	0	0	162,764,263	171,335,664	0	8,571,401	105.27%	134.17%
Current Portion of Finance leases	0	0	0	0	0	0	3,488,114	0	3,488,114	0.00%	0.00%
Non-Current Liabilities											
Long-term Liabilities	1,428,848,427	(550,562)	1,428,297,865	0	0	1,428,297,865	1,333,295,041	0	(95,002,824)	93.35%	93.31%
Retirement Benefit Liabilities	0	0	0	0	0	0	119,214,000	0	119,214,000	0.00%	0.00%
Non-current Provisions	288,481,129	82,814,908	371,296,037	0	0	371,296,037	201,662,002	0	(169,634,035)	54.31%	69.90%
Finance lease liability	0	0	0	0	0	0	1,238,612	0	1,238,612	0.00%	0.00%
Total Liabilities	2,228,574,193	68,715,518	2,297,289,711	0	0	2,297,289,711	2,334,833,067	0	37,543,356	101.63%	104.77%
Total Assets and Liabilities	4,049,095,624	325,836,789	4,374,932,413	0	0	4,374,932,413	4,182,739,859	0	(192,192,554)	95.61%	103.30%
Net Assets (Equity)											
Statutory Funds	0	0	0	0	0	0	20,527,483	0	20,527,483	0.00%	0.00%
Reserves	2,391,995,003	554,535,376	2,946,530,379	0	0	2,946,530,379	1,617,859,741	0	(1,328,670,638)	54.91%	67.64%
Accumulated Surplus / (Deficit)	1,657,100,621	(228,698,587)	1,428,402,034	0	0	1,428,402,034	2,544,352,635	0	1,115,950,602	178.13%	153.54%
Total Net Assets	4,049,095,624	325,836,789	4,374,932,413	0	0	4,374,932,413	4,182,739,860	0	(192,192,553)	95.61%	103.30%

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2018 -11- 30

DRAKENSTEIN MUNICIPALITY

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2018

DESCRIPTIONS	Original Total Budget	Budget Adjustments	Final Adjustments Budget	Shifting of funds	Virement	Final Budget	Actual Outcome	Unauthorised Expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget
FINANCIAL PERFORMANCE											
Revenue from Non-exchange Transactions											
Property Rates	248,065,913	(1,619,177)	246,446,736	0	0	246,446,736	245,517,386	0	(929,350)	99.62%	98.97%
Fines	59,309,968	10,491,788	69,801,756	0	0	69,801,756	92,938,480	0	23,136,724	133.15%	156.70%
Licences and Permits	16,971,823	(13,285,315)	3,686,508	0	0	3,686,508	3,326,097	0	(360,411)	90.22%	19.60%
Government Grants and Subsidies Received	219,262,034	(8,505,000)	210,757,034	0	0	210,757,034	152,319,538	0	(58,437,496)	72.27%	69.47%
Revenue from Exchange Transactions											
Service Charges	1,477,404,074	(101,396,365)	1,376,007,709	0	0	1,376,007,709	1,314,085,747	0	(61,921,963)	95.50%	88.95%
Rental of Facilities and Equipment	27,767,923	(23,560,775)	4,207,148	0	0	4,207,148	8,580,961	0	4,373,813	203.96%	30.90%
Interest Earned - External Investments	21,340,000	0	21,340,000	0	0	21,340,000	21,664,829	0	324,829	101.52%	101.52%
Interest Earned - Outstanding Debtors	13,231,462	1,513,713	14,745,175	0	0	14,745,175	18,495,977	0	3,750,802	125.44%	139.79%
Dividends Received	0	0	0	0	0	0	0	0	0	0.00%	0.00%
Other Income	23,503,650	60,960,281	84,463,931	0	0	84,463,931	87,743,290	0	3,279,359	103.88%	373.32%
Gains on Disposal of Property, Plant and Equipment	250,000	0	250,000	0	0	250,000	-11,311,420	0	(11,561,420)	-4524.57%	-4524.57%
Gains from assets from non exchange transactions	0	0	0	0	0	0	4,891,000	0	4,891,000	0.00%	0.00%
Total Revenue	2,107,106,847	(75,400,850)	2,031,705,997	0	0	2,031,705,997	1,938,251,884	0	(93,454,113)	95.40%	91.99%
Expenditure											
Employee Related Costs	543,308,597	(11,655,357)	531,653,240	0	35,860,797	567,514,037	567,468,315	0	45,722	99.99%	104.45%
Remuneration of Councillors	29,091,494	370,168	29,461,662	0	0	29,461,662	28,062,166	0	1,399,496	95.25%	96.46%
Depreciation and Amortisation	190,506,431	0	190,506,431	0	(2,000,000)	188,506,431	186,526,978	0	1,979,453	98.95%	97.91%
Finance Costs	119,635,859	6,097,376	125,733,235	0	0	125,733,235	124,741,177	0	992,058	99.21%	104.27%
Bulk Purchases	674,838,413	(10,364,177)	664,474,236	0	(14,113,800)	650,360,436	634,739,390	0	15,621,046	97.60%	94.06%
Contracted Services	154,703,347	97,825,779	252,529,126	0	239,624	252,768,750	180,451,426	0	72,317,324	71.39%	116.64%
Grants and Subsidies Paid	6,890,531	4,552,731	11,443,262	0	0	11,443,262	10,531,922	0	911,340	92.04%	152.85%
Impairment of Financial assets	78,138,294	16,281,483	94,419,777	0	0	94,419,777	128,105,610	0	(33,685,833)	135.68%	163.95%
General Expenses	383,580,408	(169,074,927)	214,505,481	0	(21,691,621)	192,813,860	159,375,065	0	33,438,795	82.66%	41.55%
Other Materials	0	40,116,221	40,116,221	0	(295,000)	39,821,221	38,322,172	0	1,499,049	96.24%	0.00%
Loss on Disposal of Property, Plant and Equipment	2,000,000	15,000,000	17,000,000	0	2,000,000	19,000,000	28,847,826	0	(9,847,826)	151.83%	1442.39%
Total Expenditure	2,182,693,374	(10,850,703)	2,171,842,671	0	0	2,171,842,671	2,087,172,045	0	84,670,626	96.10%	95.62%
Surplus/(Deficit)	(75,586,527)	(64,550,147)	(140,136,674)	0	0	(140,136,674)	(148,920,162)	0	(8,783,488)	106.27%	197.02%
Transfers Recognised - Capital	94,756,000	39,618,751	134,374,751	0	0	134,374,751	155,684,651	0	21,309,900	115.86%	164.30%
Contributions Recognised - Capital and Contributed Assets	0	0	0	0	0	0	0	0	0		
Surplus/(Deficit) for the Year	19,169,473	(24,931,396)	(5,761,923)	0	0	(5,761,923)	6,764,489	0	12,526,412	-117.40%	35.29%

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STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2018

DESCRIPTIONS	Original Total Budget	Budget Adjustments	Final Adjustments Budget	Shifting of funds	Virement	Final Budget	Actual Outcome	Unauthorised Expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget
CAPITAL EXPENDITURE PER FUNCTION											
Executive and Council	14,838,379	(10,857,974)	3,980,405	0	(6,000)	3,974,405	3,633,010	0	(341,395)	91.41%	24.48%
Budget and Treasury Office	23,517,798	27,123,738	50,641,536	0	289,454	50,930,990	50,336,317	0	(594,673)	98.83%	214.03%
Corporate Services	0	10,068	10,068	0	0	10,068	10,068	0	(0)	100.00%	0.00%
Planning and Development	250,000	(117,146)	132,854	0	0	132,854	132,534	0	(320)	99.76%	53.01%
Environmental Protection	300,000	5,302	305,302	0	(305,302)	0	0	0	0	0.00%	0.00%
Community and Social Services	3,882,994	7,741,107	11,624,101	0	0	11,624,101	11,566,699	0	(57,402)	99.51%	297.88%
Housing	22,100,000	8,608,952	30,708,952	0	0	30,708,952	30,708,351	0	(601)	100.00%	138.95%
Public Safety	0	313,164	313,164	0	0	313,164	5,543	0	(307,621)	1.77%	0.00%
Sport and Recreation	27,058,554	(10,867,565)	16,190,989	0	305,302	16,496,291	16,445,517	0	(50,774)	99.69%	60.78%
Waste Management	0	15,751,296	15,751,296	0	0	15,751,296	15,592,655	0	(158,641)	98.99%	0.00%
Waste Water Management	256,745,942	(50,408,036)	206,337,906	0	0	206,337,906	206,320,268	0	(17,638)	99.99%	80.36%
Road Transport	69,994,649	(4,948,176)	65,046,473	0	0	65,046,473	65,021,923	0	(24,550)	99.96%	92.90%
Water	116,792,777	(9,212,480)	107,580,297	0	0	107,580,297	107,563,292	0	(17,005)	99.98%	92.10%
Electricity	97,660,450	48,395,204	146,055,654	0	(283,454)	145,772,200	145,641,968	0	(130,232)	99.91%	149.13%
Other	0	0	0	0	0	0	0	0	0	0.00%	0.00%
Total Sources of Capital Funds	**633,141,543**	**21,537,454**	**654,678,997**	**0**	**0**	**654,678,997**	**652,978,143**	**0**	**(1,700,854)**	**99.74%**	**103.13%**
CASH FLOW											
Cash Flows from/(used in) Operating Activities	241,685,298	22,634,610	264,319,908	0	0	264,319,908	279,176,109	0	14,856,201	105.62%	115.51%
Cash Flows from/(used in) Investing Activities	(574,436,209)	(135,255,682)	(709,691,891)	0	0	(709,691,891)	(656,248,951)	0	53,442,940	92.47%	114.24%
Cash Flows from/(used in) Financing Activities	377,737,023	0	377,737,023	0	0	377,737,023	316,892,236	0	(60,844,787)	83.89%	83.89%
	44,986,113	**(112,621,072)**	**(67,634,959)**	**0**	**0**	**(67,634,959)**	**(60,180,606)**	**0**	**7,454,354**	**88.98%**	**-133.78%**
Cash/Cash equivalents at the year begin:	140,988,688	220,547,787	361,536,475	0	0	361,536,475	289,280,521	0	(72,255,955)	80.01%	205.18%
Cash/cash equivalents at the year end:	**185,974,801**	**107,926,715**	**293,901,516**	**0**	**0**	**293,901,516**	**229,099,915**	**0**	**(64,801,601)**	**77.95%**	**123.19%**

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SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

1. BASIS OF PRESENTATION

The annual financial statements were prepared in accordance with Standards of Generally Recognised Accounting Practice (GRAP), issued by the Accounting Standards Board in accordance with Section 122(3) of the Municipal Finance Management Act, (Act No 56 of 2003).

The annual financial statements were prepared on the accrual basis of accounting and incorporate the historical cost conventions as the basis of measurement, except where specified otherwise.

In the absence of an issued and effective Standards of GRAP, accounting policies for material transactions, events or conditions were developed in accordance with GRAP 3 as read with Directive 5. Assets, liabilities, revenues and expenses were not offset, except where offsetting is either required or permitted by a Standard of GRAP.

The principal accounting policies, applied in the preparation of the annual financial statements, are set out below. These accounting policies are consistent with those applied in the preparation of the prior year annual financial statements, unless specified otherwise. Details of any changes in the accounting policies are provided in the notes on changes in accounting policies.

These standards are summarised as follows:

Reference	Topic
GRAP Framework	Framework for the preparation and presentation of financial statements
GRAP 1	Presentation of Financial Statements
GRAP 2	Cash Flow Statements
GRAP 3	Accounting Policies, Changes in Accounting Estimates and Errors
GRAP 4	The Effects of Changes in Foreign Exchange Rates
GRAP 5	Borrowing Costs
GRAP 6	Consolidated and Separate Financial Statements
GRAP 7	Investment in Associates
GRAP 8	Investment in Joint Ventures
GRAP 9	Revenue from Exchange Transactions
GRAP 10	Financial Reporting in Hyperinflationary Economies

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Reference	Topic
GRAP 11	Construction Contracts
GRAP 12	Inventories
GRAP 13	Leases
GRAP 14	Events After the Reporting Date
GRAP 16	Investment Property
GRAP 17	Property, Plant and Equipment
GRAP 19	Provisions, Contingent Liabilities and Contingent Assets
GRAP 21	Impairment of Non-cash-generating Assets
GRAP 23	Revenue from Non-exchange Transactions
GRAP 24	Presentation of Budget Information in Financial Statements
GRAP 25	Employee Benefits - issued December 2009
GRAP 26	Impairment of Cash-generating Assets
GRAP 27	Agriculture
GRAP 31	Intangible Assets
GRAP 100	Discontinued Operations
GRAP 103	Heritage Assets
GRAP 104	Financial Instruments
IFRS 4	Insurance contracts
IAS 12	Income taxes
IGRAP 1	Applying the probable test on initial recognition of revenue
IGRAP 2	Changes in Existing Decommissioning, Restoration and Similar Liabilities
IGRAP 3	Determining whether an Arrangement Contains a lease
IGRAP 4	Rights to Interest Arising from Decommissioning, Restoration and Environmental Rehabilitation Funds
IGRAP 5	Applying the Restatement Approach under the Standard of GRAP on Financial Reporting in Hyperinflationary Economies
IGRAP 6	Loyalty Programmes
IGRAP 7	The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction
IGRAP 8	Agreements for the construction of Assets from Exchange Transactions
IGRAP 9	Distributions of Non-cash Assets to Owners
IGRAP 10	Assets Received from Customers
IGRAP 11	Consolidations – Special Purpose Entities
IGRAP 12	Jointly Controlled Entities – Non-monetary Contributions by Ventures
IGRAP 13	Operating Leases – Incentives

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Reference	Topic
IGRAP 14	Evaluating the Substance of Transactions Involving the Legal Form of a Lease
IGRAP 15	Revenue – Barter Transactions Involving Advertising Services
IGRAP 16	Intangible Assets – Website Costs
IFRIC 12	Service concession arrangements
IFRIC 21	Levies
SIC 25	Income taxes – Changes in the status of an enterprise or its shareholders
SIC 29	Disclosure service concession
Directive 1	Repeal of existing transitional provisions in, and consequential amendments to, standards of GRAP
Directive 3	Transitional provisions for high capacity municipalities
Directive 5	Determine the GRAP reporting framework
Directive 7	The Application of Deemed Cost
Directive 11	Changes in the Measurement Bases Following the Initial Adoption of the Standards of GRAP
ASB Guide 1	Guideline on accounting for public private partnerships

The Cash Flow Statement is prepared using the direct method, whereby major classes of gross cash receipts and gross cash payments are disclosed.

Accounting policies for material transactions, events or conditions not covered by the above GRAP standards have been developed in accordance with GRAP 3. Where required, accounting policies were developed for standards of GRAP that have been issued by the Accounting Standards Board, but for which an effective date have not been determined by the Minister of Finance.

2. STANDARDS, AMENDMENTS TO STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE

The following GRAP standards have been issued in prior periods, but are not yet effective and have not been early adopted by the municipality:

Reference	Topic	Effective date
GRAP 18	Segment Reporting - issued March 2005	1 July 2020
GRAP 20	Related Party Disclosures (Revised)	1 July 2019
GRAP 32	Service Concession Arrangement Grantor	1 July 2019
GRAP 108	Statutory Receivables	1 July 2019
GRAP 109	Accounting by Principals and Agents	1 July 2019

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Reference	Topic	Effective date
GRAP 110	Living and Non-living Resources	1 July 2020
IGRAP 17	Service Concession Arrangements Where a Grantor Controls a Significant Residual Interest in an Asset	Not yet determined

All other standards as listed above will only be effective on the date it is announced by the Minister of Finance.

The ASB issued the guideline on Accounting for Arrangements Undertaken i.t.o the National Housing Programme during the 2017/2018 financial year. Although not yet effective and not been early adopted by the municipality, certain principles contained within the guide necessitated the correction of certain previously accepted accounting principles applied in prior years, related to BNG housing.

The ASB Directive 5 sets out the principles for the application of the GRAP 3 guidelines in the determination of the GRAP Reporting Framework hierarchy, as set out in the standard of GRAP 3 on Accounting Policies, Changes in Accounting Estimates and Errors.

Where a standard of GRAP is approved as effective, it replaces the equivalent statement of International Public Sector Accounting Standards Board or, International Financial Reporting Standards. Where a standard of GRAP has been issued, but is not in effect, an entity may select to apply the principles established in that standard in developing an appropriate accounting policy dealing with a particular section or event before applying the Standard of GRAP on Accounting Policies, Changes in Accounting Estimates and Errors.

Management has considered all of the above-mentioned GRAP standards issued but not effective and anticipates that the adoption of these standards will not have a significant impact on the financial position, financial performance or cash flows of the municipality.

3. PRESENTATION CURRENCY

These annual financial statements are presented in South African Rand and are rounded off to the nearest Rand.

4. GOING CONCERN ASSUMPTION

These annual financial statements have been prepared on a going concern basis.

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5. OFFSETTING

Financial assets and liabilities are offset and the net amount reported on the Statement of Financial Position when there is a legally enforceable right to set off the recognised amount, and there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously.

6. COMPARATIVE INFORMATION AND BUDGET INFORMATION

6.1 Current year comparatives

The annual budget figures have been prepared in accordance with the GRAP standard and are consistent with the accounting policies adopted by the Council for the preparation of these financial statements. The amounts are scheduled as a separate additional financial statement, called the Statement of Comparison of Budget and Actual amounts. Explanatory comment is provided in the notes to the annual financial statements giving motivations for over- or under spending on line items where it is found to be material. The annual budget figures included in the financial statements are for the Municipality and do not include budget information relating to subsidiaries or associates. These figures are those approved by the Council at the beginning and during the year following a period of consultation with the public as part of the Integrated Development Plan. The budget is approved on an accrual basis by nature classification. The approved budget covers the period from 1 July 2016 to 30 June 2017.

In general a difference of 10% or more is considered material, although the surrounding circumstances are taken into account if it could influence the decisions or assessments of the users of the financial statements in determining whether a difference between the budgeted and actual amount is material.

6.2 Prior year comparatives

The comparative figures of one prior period disclosed. When the presentation or classification of items in the Annual Financial Statements is amended, prior period comparative amounts are reclassified. The nature and reasons for the reclassification are disclosed.

7. HOUSING DEVELOPMENT FUND

The Housing Development Fund was established in terms of the Housing Act (Act No. 107 of 1997).

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7.1 Housing Development Fund

Sections 15(5) and 16 of the Housing Act, (Act 107 of 1997), which came into operation on 1 April 1998, required that the Municipality maintain a separate housing operating account. This legislated separate operating account is known as the Housing Development Fund.

The Housing Act also requires in terms of Section 14(4) (d) (ii) (aa), read with, inter alia, Section 16(2), that the net proceeds of any letting, sale or alienation of property, previously financed from government housing funds, be paid into a separate operating account, and be utilised by the Municipality for housing development in accordance with the National Housing Policy.
The following provisions are set for the creation and utilisation of the Housing Development Fund:

- The proceeds in this fund are utilised for housing development in accordance with the National Housing Policy, and also for housing development projects approved by the National Minister of Human Settlements.

- Any contributions to or from the fund are shown as transfers in the Statement of Changes in Net Assets.

- Interest earned on the investments of the fund is disclosed as interest earned in the Statement of Financial Performance.

7.2 Un-realized Housing Proceeds

In order to comply with Section 14(4) (d) (i) and (ii) of the Housing Act, (Act 107 of 1997) where all net proceeds need to be paid into the Housing Development Fund, it was necessary to create a holding account which represents the un-realized funds due by long-term housing selling schemes and sponsored loan debtors. This account is reduced when debtors are billed for their payment.

8. INTERNAL RESERVES AND REVALUATION RESERVE

8.1 Insurance Reserve

A general Insurance Reserve has been established and, subject to re-insurance where deemed necessary, it covers claims not covered by external insurance. Premiums are charged to the respective services taking into account claims history and replacement value of the insured assets.

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Insurance premiums paid to external insurers are regarded as an expense and are shown as such in the Statement of Financial Performance. The net surplus or deficit on the insurance operating account is transferred to or from the insurance reserve via the Statement of Changes in Net Assets.

The cash in the municipal bank or investment account, as per cash and cash equivalents in the Statement of Financial Position, is ring-fenced and can only be utilised to finance items of property, plant and equipment.

8.2 Revaluation Reserve

The surplus arising from the revaluation of land and buildings is credited to a non-distributable reserve. The revaluation surplus is realised as re-valued buildings are depreciated, through a transfer from the revaluation reserve to the accumulated surplus / (deficit). On disposal, the net revaluation surplus is transferred to the accumulated surplus / (deficit) while gains or losses on disposal, based on re-valued amounts are credited or charged to the Statement of Financial Performance.

9. PROVISIONS

Provisions are recognized when the municipality has a present or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the provision can be made.

The best estimate of the expenditure required to settle the present obligation is the amount that an entity would rationally pay to settle the obligation at the reporting date or to transfer it to a third party at that time and are determined by the judgment of the management of the entity, supplemented by experience of similar transactions and, in some cases, reports from independent experts. The evidence considered includes any additional evidence provided by events after the reporting date. Uncertainties surrounding the amount to be recognised as a provision are dealt with by various means according to the circumstances, where the provision being measured involves a large population of items; the obligation is estimated by weighting all possible outcomes by their associated probabilities.

Future events that may affect the amount required to settle an obligation are reflected in the amount of a provision where there is sufficient objective evidence that they will occur. Gains from the expected disposal of assets are not taken into account in measuring a provision. Provisions are not recognised for future operating losses. The

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present obligation under an onerous contract is recognised and measured as a provision. An onerous contract is a contract in which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it. The unavoidable costs under a contract reflect the least net cost of exiting from the contract, which is the lower of the cost of fulfilling it and any compensation or penalties arising from failure to fulfil it - this unavoidable cost resulting from the contract is the amount of the provision to be recognised.

Provisions are reviewed at reporting date and the amount of a provision is the present value of the expenditure expected to be required to settle the obligation. When the effect of discounting is material, provisions are determined by discounting the expected future cash flows that reflect current market assessments of the time value of money. The impact of the periodic unwinding of the discount is recognised in the Statement of Financial Performance as a finance cost as it occurs.

9.1 Environmental rehabilitation provisions

Estimated long-term environmental provisions, comprising rehabilitation and landfill site closure, are based on the Municipality's policy, taking into account current technological, environmental and regulatory requirements. The provision for rehabilitation is recognised as and when the environmental liability arises. To the extent that the obligations relate to the asset, they are capitalised as part of the cost of those assets. Any subsequent changes to an obligation that did not relate to the initial related asset are charged to the Statement of Financial Performance.

10. PROPERTY, PLANT AND EQUIPMENT

10.1 Initial recognition

Property, plant and equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one year.

The cost of an item of property, plant and equipment is recognised as an asset if, and only if it is probable that future economic benefits or service potential associated with the item will flow to the municipality, and if the cost or fair value of the item can be measured reliably.

Property, plant and equipment are initially recognised at cost on its acquisition date. The cost of an item of property, plant and equipment is the purchase price and other

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costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by the municipality. Trade discounts and rebates are deducted in arriving at the cost. The cost also includes the necessary costs of dismantling and removing the asset and restoring the site on which it is located.

Where an asset is acquired by the municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of that asset on the date acquired.

The cost of an item of property, plant and equipment acquired in exchange for a non-monetary assets or monetary assets, or a combination of monetary and non-monetary assets is measured at the fair value of the asset given up, unless the fair value of the asset received is more clearly evident. If the acquired item could not be measured at its fair value, its cost is measured at the carrying amount of the asset given up.

When significant components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Major spare parts and servicing equipment qualify as property, plant and equipment when the municipality expects to use them during more than one period. Similarly, if the major spare parts and servicing equipment can be used only in connection with an item of property, plant and equipment, they are accounted for as property, plant and equipment.

10.2 Subsequent measurement

Subsequent expenditure relating to property, plant and equipment is capitalised if it is probable that future economic benefits or potential service delivery associated with the subsequent expenditure will flow to the entity and the cost or fair value of the subsequent expenditure can be reliably measured. Subsequent expenditure incurred on an asset is only capitalised when it increases the capacity or future economic benefits associated with the asset. Where the municipality replaces parts of an asset, it derecognises the part of the asset being replaced and capitalises the new component.

Subsequently all property plant and equipment, excluding land and buildings, are measured at cost, less accumulated depreciation and accumulated impairment losses.

Subsequent to initial recognition, land and buildings are carried at a revalued amount based on municipal valuations, less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations are performed by external

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independent valuers every four years to coincide with the implementation of the general valuation such that the carrying amount does not differ materially from that which would be determined using fair value at the Statement of Financial Position date. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset, and the net amount is restated to the revalued amount of the asset.

An increase in the carrying amount of land and buildings as a result of a revaluation is credited directly to a revaluation surplus reserve, except to the extent that it reverses a revaluation decrease of the same asset previously recognised in surplus or deficit.

A decrease in the carrying amount of an asset as a result of a revaluation is recognised in surplus or deficit, except to the extent of any credit balance existing in the revaluation surplus in respect of that asset.

Where items of property, plant and equipment have been impaired, the carrying value is adjusted by the impairment loss, which is recognised as an expense in the period that the impairment is identified except where the impairment reverses a previous revaluation."

When revalued assets are sold or retired, the amounts included in the revaluation reserve in respect of that assets, are transferred to accumulated surplus or deficit.

Compensation from third parties for items of property, plant and equipment that were impaired, lost or given up is included in surplus or deficit when the compensation becomes receivable.

10.3 Depreciation

Land is not depreciated as it is regarded as having an unlimited life. Depreciation on assets other than land is calculated using the straight line method, to allocate their cost or revalued amounts less their residual values over the estimated useful lives of the assets. The depreciation method used reflects the pattern in which the assets' future economic benefits or service potential are expected to be consumed by the municipality. Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item shall be depreciated separately. The depreciation rates are based on the following estimated useful lives.

The estimated useful life, residual values and depreciation method are reviewed annually at the end of the financial year. Any adjustments arising from the annual review are applied prospectively.

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Asset class	Useful lives as applied in the AR (years)
Infrastructure	
Roads and storm water	5-100
Electricity	5-75
Water	5-100
Sewerage	5-100
Solid Waste	5-100
Buildings, structures and facilities	
Buildings	50
Recreational and sports facilities	5-100
Parks, gardens and cemeteries	5-100
Housing assets	50
Other assets	
Transport Assets	5-20
Computer and other office equipment	3-10
Furniture & fittings	5-10
Machinery and equipment	5-10

The useful lives, residual values and depreciation method are reviewed annually at the end of the financial year where there is any indication that the entity's expectations about the residual amount and the useful life of an asset has changed since the preceding reporting date. Any adjustments arising from the annual review are applied prospectively.

Assets under construction are carried at cost. Depreciation of an asset commences when the asset is ready for its intended use. Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets, or, where shorter, the term of the relevant lease.

10.4 De-recognition of property, plant and equipment

The carrying amount of an item of property, plant and equipment is derecognised on disposal, or when no future economic benefits or service potential are expected from its use or disposal

The gain or loss arising from the de-recognition of an item of property, plant and equipment is included in surplus or deficit when the item is derecognised. Gains are not classified as revenue.

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Gains or losses are calculated as the difference between the carrying values of assets (Cost less accumulated depreciation and accumulated impairment losses) and the disposal proceeds is included in the Statement of Financial Performance as a gain or loss on disposal of property, plant and equipment.

11. INTANGIBLE ASSETS

Intangible assets are identifiable non–monetary assets without physical substance held for use in the production or supply of goods or services, for rental to others, or for administrative purposes are classified and recognised as intangible assets.

Intangible assets are initially recognised at cost. The cost of an intangible asset is the purchase price and other costs attributable to bring the intangible asset to the location and condition necessary for it to be capable of operating in the manner intended by the municipality, or where an intangible asset is acquired at no cost, or for a nominal cost, the cost shall be its fair value as at the date of acquisition. Trade discounts and rebates are deducted in arriving at the cost.

Intangible assets acquired separately or internally generated are reported at cost less accumulated amortisation and accumulated impairment losses.

Amortization is calculated on cost, using the straight-line method, over the useful lives of the assets, which is estimated to be between 3 to 10 years upon initial recognition. Where intangible assets are deemed to have an indefinite useful life, such intangible assets are not amortised.

Intangible assets are annually tested for impairment and the estimated useful life, residual values and amortisation method are reviewed annually at the end of the financial year. Any adjustments arising from the annual review are applied prospectively.

Intangible assets are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset. The gain or loss arising on the disposal or retirement of an intangible asset is determined as the difference between the net disposals proceeds and the carrying value and is recognised in the Statement of Financial Performance.

12. INVESTMENT PROPERTIES

Investment property includes property (land or a building, or part of a building, or both land and buildings held under a finance lease) held to earn rentals and/or for capital

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appreciation, rather than held to meet service delivery objectives, the production or supply of goods or services, or the sale of an asset in the ordinary course of operations.

At initial recognition, the municipality measures investment property at cost including transaction costs once it meets the definition of investment property. However, where an investment property was acquired through a non-exchange transaction (i.e. where it acquired the investment property for no or a nominal value), its cost is its fair value as at the date of acquisition.

Where the classification of an investment property is based on management's judgement, the following criteria have been applied to distinguish investment properties from owner-occupied property or property held for resale:

- All properties held to earn market-related rentals or for capital appreciation or both and that are not used for administrative purposes and that will not be sold within the next 12 months are classified as Investment Properties.
- Land held for a currently undetermined future use.
- A building owned (or held by under a finance lease) and leased out under one or more operating leases.
- Leased properties that are held to provide a social (community) service or that are necessary for employees to perform their job functions, but which also generates rental revenue are not seen as investment properties. The rental revenue generated is incidental to the purposes for which the property is held.
- A building that is vacant but is held to be leased out under one or more operating leases.
- Property that is being constructed or developed for future use as investment property;

Investment property is subsequently measured using the fair value model. Investment property is carried at fair value, representing open market value determined by external valuers on reporting date. Fair value is based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. A gain or loss arising from a change in the fair value of investment property is included in surplus or deficit for the period in which it arises.

If the Municipality determines that the fair value of an investment property under construction is not reliably measurable but expects the fair value to be reliably measurable when construction is completed, it measures that investment property at cost until the fair value can be reliably determined or construction has been completed.

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Where the Municipality has determined that the fair value of an investment property (other than investment property under construction) is not determinable on a continuing basis, the entity measures that investment property using the cost model (as per the accounting policy for property, plant and equipment).

An investment property shall be derecognised (eliminated from the statement of financial position) on disposal or when the investment property is permanently withdrawn from use and no future economic benefits or service potential are expected from its disposal. The gain or loss arising on the disposal of an investment property is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

13. HERITAGE ASSETS

A heritage asset is defined as an asset that has a cultural, environmental, historical, natural, scientific, technological or artistic significance, and is held and preserved indefinitely for the benefit of present and future generations.

The Municipality classifies assets as heritage assets where the significance as a heritage asset can be determined. In regards to land and buildings all graded sites are classified a Heritage Assets. Furthermore land with a natural significance is not componentised but seen as a single Heritage asset due to all parts contributing together to make up its significance.

GRAP 103 requires that land and buildings that qualify as Heritage assets, but of which a significant portion of that land and buildings is held for use in the production or supply of goods or services or for administrative purposes, should be recognised as property, plant and equipment, rather than heritage assets.

13.1 Initial recognition

The cost of an item of heritage assets is recognised as an asset if, and only if it is probable that future economic benefits or service potential associated with the item will flow to the municipality, and if the cost or fair value of the item can be measured reliably.

Heritage assets are initially recognised at cost on its acquisition date or in the case of assets acquired by grant or donation, deemed cost, being the fair value of the asset on initial recognition. The cost of an item of heritage assets is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by the municipality. Trade

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discounts and rebates are deducted in arriving at the cost. The cost also includes the necessary costs of dismantling and removing the asset and restoring the site on which it is located.

Where an asset is acquired by the municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of that asset on the date acquired.

The cost of an item of heritage assets acquired in exchange for a non-monetary assets or monetary assets, or a combination of monetary and non-monetary assets is measured at the fair value of the asset given up, unless the fair value of the asset received is more clearly evident. If the acquired item could not be measured at its fair value, its cost is measured at the carrying amount of the asset given up.

13.2 Subsequent measurement

Subsequent expenditure relating to heritage assets is capitalised if it is probable that future economic benefits or potential service delivery associated with the subsequent expenditure will flow to the entity and the cost or fair value of the subsequent expenditure can be reliably measured. Subsequent expenditure incurred on an asset is only capitalised when it increases the capacity or future economic benefits associated with the asset. Where the municipality replaces parts of an asset, it derecognises the part of the asset being replaced and capitalises the new component.

Subsequently all heritage assets (excluding Heritage assets which are land and buildings) are measured at cost less accumulated impairment losses. Heritage assets are not depreciated.

Subsequent to initial recognition, land and buildings which qualify as Heritage Assets are carried at a revalued amount based on municipal valuations less subsequent accumulated impairment losses. Revaluations are performed by external independent valuers every four years to coincide with the implementation of the general valuation such that the carrying amount does not differ materially from that which would be determined using fair value at the Statement of Financial Position date.

13.3 De-recognition of heritage assets

The carrying amount of an item of heritage assets is derecognised on disposal, or when no future economic benefits or service potential are expected from its use or disposal.

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The gain or loss arising from the de-recognition of an item of heritage assets is included in surplus or deficit when the item is derecognised.

Gains or losses are calculated as the difference between the carrying value of assets (cost less accumulated impairment losses) and the disposal proceeds is included in the Statement of Financial Performance as a gain or loss on disposal of heritage assets.

14. INVENTORIES

Inventories consist of raw materials, work in progress, consumables and finished goods, which are valued at the lower of cost, determined on the first in first out basis, and net realisable value, except for plants which are valued at the tariffs charged. Where it is held for distribution or consumption at no charge or for a nominal amount, inventories are valued at the lower of cost and current replacement value.

Cost of inventories comprises all costs of purchase, cost of conversion, and other costs incurred in bringing the inventories to their present location and condition.

Redundant and slow moving inventories are identified and written down to their estimated net realisable values. Inventories are written down according to their age, condition and utility. Differences arising on the measurement of such inventory at the lower of cost and net realisable value are recognised in the Statement of Financial Performance in the year in which they arise. The amount of any reversal of any write-down of inventories arising from an increase in net realisable value or current replacement cost is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

The carrying amount of inventories is recognised as an expense in the period that the inventory was sold, distributed, written off or consumed, unless that cost qualifies for capitalisation to the cost of another asset.

14.1 Water Inventory

Water is regarded as inventory when the municipality purchases water in bulk with the intention to resell it to the consumers or to use it internally, or where the municipality has incurred purification costs on water obtained from natural resources (rain, rivers, springs, boreholes etc.). However, water in dams, that are filled by natural resources and that has not yet been treated, and is under the control of the municipality but cannot be measured reliably as there is no cost attached to the water, and it is therefore not recognised in the statement of financial position.

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The basis of determining the cost of water purchased and not yet sold at statement of financial position date comprises all costs of purchase, cost of conversion and other costs incurred in bringing the inventory to its present location and condition, net of trade discounts and rebates.

Water is valued by using the weighted average method, at the lowest of purified cost and net realisable value, insofar as it is stored and controlled in reservoirs at year-end.

15. DISCONTINUED OPERATIONS

15.1 Initial recognition

A discontinued operation refers to the disposal of a significant operating activity within the Municipality.

15.2 Subsequent measurement

Disposal groups were measured at the lower of their previous carrying amount and fair value less costs to sell in the previous reporting period.

The non-current assets were not depreciated (or amortised) while they were held as of a disposal group classified.

Interest and other expenses attributable to the liabilities of the disposal group classified as held for sale were recognised in surplus or deficit.

The gain or loss on the disposal of the discontinued operation is presented separately from continuing operations on the face of the Statement of Financial Performance.

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16. IMPAIRMENT OF PROPERTY, PLANT AND EQUIPMENT, INTANGIBLE ASSETS AND HERITAGE ASSETS

The municipality classifies all assets held with the primary objective of generating a commercial return as cash-generating assets. A commercial return means that the return charged by the entity is commensurate with the risk associated with holding the asset and the asset is intended to generate positive cash inflows. All other assets are classified as non-cash-generating assets.

16.1 Impairment of cash generating assets

The municipality assesses at each reporting date whether there is any indication that an asset may be impaired. If any such indication exists, the municipality estimates the recoverable amount of the individual asset.

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash-generating unit to which the asset belongs is determined.

The best evidence of fair value less cost to sell is the price in a binding sale agreement in an arm's length transaction, adjusted for the incremental cost that would be directly attributable to the disposal of the asset.

The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and its value in use.

Value in use of a cash-generating asset is the present value of the estimated future cash flows expected to be derived from the continuing use of an asset and from its disposal at the end of its useful life.

If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. That reduction is an impairment loss.

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in surplus or deficit.

An impairment of assets carried at revalued amount reduces the revaluation surplus for that asset. The decrease shall be debited directly to a revaluation surplus to the extent of any credit balance existing in the revaluation surplus in respect of that asset.

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An impairment loss is recognised for cash-generating units if the recoverable amount of the unit is less than the carrying amount of the unit. The impairment loss is allocated to reduce the carrying amount of the assets of the unit, pro rata on the basis of the carrying amount of each asset in the unit.

A municipality assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for assets may no longer exist or may have decreased. If any such indication exists, the recoverable amounts of those assets are estimated.

The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation is recognised immediately in surplus or deficit.

16.2 Impairment of non-cash generating assets

The municipality assesses at each reporting date whether there is any indication that an asset may be impaired. If any such indication exists, the municipality estimates the recoverable service amount of the asset.

If there is any indication that an asset may be impaired, the recoverable service amount is estimated for the individual asset. If it is not possible to estimate the recoverable service amount of the individual asset, the recoverable service amount of the cash-generating unit to which the asset belongs is determined.

The recoverable service amount is the higher of a non-cash generating asset's fair value less costs to sell and its value in use. The value in use for a non-cash generating asset is the present value of the asset's remaining service potential.

The value in use for a non-cash generating asset is the present value of the asset's remaining service potential.

Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable and willing parties, less the costs of disposal.

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If the recoverable service amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable service amount. That reduction is an impairment loss.

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in surplus or deficit. Any impairment loss of a revalued asset is treated as a revaluation decrease.

A municipality assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for assets may no longer exist or may have decreased. If any such indication exists, the recoverable service amounts of those assets are estimated.

The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation is recognised immediately in surplus or deficit. Any reversal of an impairment loss of a revalued asset is treated as a revaluation increase.

17. EMPLOYEE BENEFITS

The municipality provides short term benefits, long term benefits and retirement benefits for its employees and councillors.

17.1 Short-term employee benefits

Remuneration to employees is recognised in the Statement of Financial Performance as the services are rendered, except for non-accumulating benefits which are only recognised when the specific event occurs.
The costs of all short-term employee benefits such as leave pay, are recognised during the period in which the employee renders the related service.

17.2 Post-employment benefits: Defined contribution plans

A **defined contribution plan** is a plan under which the municipality pays fixed contributions into a separate entity. The municipality has no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to service in the current or prior periods.

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The municipality's contributions to the defined contribution funds are established in terms of the rules governing those plans. Contributions are recognised in the Statement of Financial Performance in the period in which the service is rendered by the relevant employees.

17.3 Post-employment benefits: Defined benefit plans

A **defined benefit plan** is a plan that defines an amount of benefit that an employee will receive on retirement.

The defined benefit liability is the aggregate of the present value of the defined benefit obligation and unrecognised actuarial gains and losses, reduced by unrecognised past service costs. The plan is unfunded. The defined benefit obligation is calculated using the projected unit credit method, incorporating actuarial assumptions and a discount rate based on the government bond rate. Valuations of these obligations are carried out by independent qualified actuaries regularly, as may be required for fair presentation.

Actuarial gains or losses recognised immediately in the Statement of Financial Performance.

17.3.1 Post-retirement Health Care Benefits:

The municipality has an obligation to provide post-retirement health care benefits to certain of its retirees. According to the rules of the Medical Aid Funds, with which the municipality is associated, a member (who is on the current Conditions of Service), on retirement, is entitled to remain a continued member of the Medical Aid Fund, in which case the municipality is liable for a certain portion of the medical aid membership fee.

The defined benefit liability is the aggregate of the present value of the defined benefit obligation and unrecognised actuarial gains and losses, reduced by unrecognised past service costs. The plan is unfunded. The present value of the defined benefit obligation is calculated using the projected unit credit method, incorporating actuarial assumptions and a discount rate based on the government bond rate. Valuations of these obligations are carried out annually by independent qualified actuaries.

Past-service costs are recognised immediately in income, unless the changes to the pension plan are conditional on the employees remaining in service for a specified period of time (the vesting period). In this case, the past-service costs are amortised on a straight-line basis over the vesting period.

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17.3.2 Ex-gratia Pension Benefits:

The Municipality provides pension and retirement gratuity benefits to certain employees who were in the employment of the former Paarl and Wellington Municipalities (now incorporated into the Drakenstein Municipality)at 31 December 1994 (Paarl) and 31 March 1995 (Wellington) and still in the employment of Drakenstein Municipality at date of normal retirement, medical disability, retrenchment or death. The gratuity is calculated on the salary benefits during 1994/1995.

17.4 Long-service allowance

The municipality has an obligation to provide Long-service Allowance Benefits to all of its employees. According to the rules of the Long-service Allowance Scheme, which the municipality instituted and operates, an employee (who is on the current Conditions of Service), is entitled to a cash allowance, calculated in terms of the rules of the scheme, after 10, 15, 20, 25 and 30 years of continued service. The municipality's liability is based on an actuarial valuation. The projected unit credit method has been used to value the liabilities. Actuarial gains and losses on the long-term incentives are accounted for through the statement of financial performance.

17.5 National- and Provincially administered defined benefit plans

The municipality contributes to various National- and Provincial-administered Defined Benefit Plans on behalf of its qualifying employees. The contributions to fund obligations for the payment of retirement benefits are charged against revenue in the year they become payable. These defined benefit funds are actuarially valued triennially on the projected unit credit method basis. Deficits are recovered through lump sum payments or increased future contributions on a proportional basis from all participating municipalities.

The municipality does not apply defined benefit accounting to the defined benefit funds to which it is a member where these funds are classified in terms of GRAP as multi-employer plans, as sufficient information is not available to apply the principles involved. As a result, GRAP 25 is applied and such funds are accounted for as defined contribution funds.

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Salaried personnel are members of the Cape Joint Pension fund established in terms of the Local Authorities Pension Fund Ordinance, 1969 (Ordinance 23 of 1969), and the provisions of the Pension Fund Act, 1956 (Act 24 of 1956) or the SAMWU National Provident Fund.

17.6 Leave pay

Liabilities for annual leave are recognised as they accrue to employees. The liability is based on the total accrued leave days at year end and is shown as an accrual in the Statement of Financial Position.

17.7 Provision for bonus

The municipality recognises the expected cost of bonuses as a provision only when the municipality has a present legal or constructive obligation to make such payment and a reliable estimate can be made at reporting date.

18. LEASES

18.1 Lease classification

Leases are classified as finance leases where substantially all the risks and rewards associated with ownership of an asset are transferred to the municipality.

Leases of property, plant and equipment, in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases.

18.2 The Municipality as lessee

Property, plant and equipment subject to finance lease agreements are capitalised at their cash cost equivalent. Corresponding liabilities are included in the Statement of Financial Position as Finance Lease Obligations. The cost of the item of property, plant and equipment is depreciated at appropriate rates on the straight-line basis over its estimated useful life. Lease payments are allocated between the lease finance cost and the capital repayment using the effective interest rate method. Lease finance costs are expensed when incurred.

Operating leases are those leases that do not fall within the scope of the above definition. Operating lease rentals are recognised on the straight-line basis over the term of the relevant lease.

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In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

18.3 The Municipality as lessor

Amounts due from lessees under finance leases or instalment sale agreements are recorded as receivables at the amount of the Municipality's net investment in the leases. Finance lease or instalment sale income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Municipality's net investment outstanding in respect of the leases or instalment sale agreements.

Operating lease rental income is recognised on a straight-line basis over the term of the relevant lease.

19. BORROWINGS

Interest-bearing external loans and bank overdrafts are recorded net of direct issue costs. Finance charges, including premiums payable, are accounted for on an accrual basis. Borrowings are initially recognised at fair value, net of transaction costs. Subsequently, they are measured at amortised cost using the effective interest rate method.

Borrowing costs are recognised as an expense in the Statement of Financial Performance in the period incurred.

20. FINANCIAL INSTRUMENTS

The municipality has various types of financial instruments and these can be broadly categorised as either *Financial Assets* or *Financial Liabilities.*

A financial instrument is recognised if the municipality becomes a party to the contractual provisions of the instrument.

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20.1 Classification of financial instruments

20.1.1 Financial Assets

A financial asset is any asset that is a cash or contractual right to receive cash. In accordance with GRAP 104 the Financial Assets of the municipality are classified as follows into the three categories allowed by this standard:

Financial asset at amortised cost being a non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months, which are classified as non-current assets.

Financial assets measured at fair value being financial assets that meet either of the following conditions:

(a) Derivatives;
(b) Combined instruments that are designated at fair value;
(c) Instruments held for trading;
(d) Non-derivative financial assets or financial liabilities with fixed or determinable payments that are designated at fair value at initial recognition; or
(e) Financial instruments that do not meet the definition of financial instruments at amortised cost or financial instruments at cost.

Financial assets measured at cost being investments in residual interests that do not have a quoted market price in an active market, and whose fair value cannot be reliably measured.

The municipality has the following types of financial assets as reflected on the face of the Statement of Financial Position or in the notes thereto:

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Type of Financial Asset	Classification in terms of GRAP 104
Finance Lease Receivables	Financial assets at amortised cost
Long-term Receivables	Financial assets at amortised cost
Current portion of Long-term Receivables	Financial assets at amortised cost
Consumer Debtors	Financial assets at amortised cost
Other Debtors	Financial assets at amortised cost
Short-term Investment Deposits – Call	Financial assets at amortised cost
Bank Balances and Cash	Financial assets at amortised cost
Investments in stock – ESKOM	Financial assets at fair value

Cash includes cash on hand (including petty cash) and cash with banks (including call deposits). Cash equivalents are short-term highly liquid investments, readily convertible into known amounts of cash that are held with registered banking institutions with maturities of three months or less and are subject to an insignificant risk of change in value. For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, deposits held on call with banks, net of bank overdrafts. The municipality categorises cash and cash equivalents as financial assets at amortised cost.

20.1.2 Financial Liabilities

A financial liability is a contractual obligation to deliver cash or another financial asset to another entity.

The following main categories of Financial Liabilities and the classification determining how they are measured exist:

(i) Financial liabilities measured at fair value; or
(ii) Financial liabilities measured at amortised cost

The municipality has the following types of financial liabilities as reflected on the face of the Statement of Financial Position or in the notes thereto:

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Type of Financial Liabilities	Classification in terms of GRAP 104
Long term Liabilities	Financial liability at amortised cost
Other Creditors	Financial liability at amortised cost
Bank overdraft	Financial liability at amortised cost
Short-term Loans	Financial liability at amortised cost
Current portion of Long-Term Liabilities	Financial liability at amortised cost

Financial liabilities that are measured at fair value that are essentially held for trading (i.e. purchased with the intention to sell or repurchase in the short term; derivatives other than hedging instruments or are part of a portfolio of financial instruments where there is recent actual evidence of short-term profiteering or are derivatives)

Any other financial liabilities should be classified as financial liabilities at amortised cost.

Bank overdrafts are recorded based on the facility utilised. Finance charges on bank overdrafts are expensed as incurred.

Initial and subsequent measurement

Financial assets:

Financial asset at amortised cost are initially measured at fair value plus transaction costs that are directly attributable to the acquisition or issue of the financial asset. Subsequently, these assets are measured at amortised cost using the Effective Interest Method less any impairment, with interest recognised on an effective yield basis. .

Trade and other receivables (excluding Value Added Taxation, prepayments and operating lease receivables), loans to Municipality entities and loans that have fixed and determinable payments that are not quoted in an active market are classified as financial asset at amortised cost.

Financial Assets measured at fair value are initially measured at fair value plus directly attributable transaction costs. They are subsequently measured at fair value with unrealised gains or losses recognised directly in equity until the investment is derecognised, at which time the cumulative gain or loss recorded in equity is recognised in the statement of financial performance, or determined to be impaired, at which time the cumulative loss recorded in equity is recognised in the statement of financial performance.

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20.2.2 Financial liabilities:

Financial liabilities measured at fair value are stated at fair value, with any resulted gain or loss recognised in the Statement of Financial Performance.

Any other financial liabilities classified at amortised cost (All payables, loans and borrowings are classified as other liabilities) and are initially measured at fair value, net of transaction costs. Trade and other payables, interest bearing debt including finance lease liabilities, non-interest bearing debt and bank borrowings are subsequently measured at amortised cost using the effective interest rate method. Interest expense is recognised in the Statement of Financial Performance by applying the effective interest rate.

Bank borrowings, consisting of interest-bearing short-term bank loans, repayable on demand and overdrafts are recorded at the proceeds received. Finance costs are accounted for using the accrual basis and are added to the carrying amount of the bank borrowing to the extent that they are not settled in the period that they arise.

Prepayments are carried at cost less any accumulated impairment losses.

Impairment of financial assets

Financial assets, other than those measured at fair value, are assessed for indicators of impairment at the end of each reporting period. Financial assets are impaired where there is objective evidence of impairment of Financial Assets (such as the probability of insolvency or significant financial difficulties of the debtor). If there is such evidence the recoverable amount is estimated and an impairment loss is recognised in accordance with GRAP 104.

Trade receivables encompass long term debtors, consumer debtors and other debtors. A provision for impairment of trade receivables is established when there is objective evidence that the municipality will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate.

According to GRAP 104, the assessment for impairment needs to be made for each individual financial asset separately or for groups of financial assets with similar credit risks. The following methodology was followed to make a provision for bad debts for the year under review:

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20.3.1 Consumer debtors

Consumer debtors are assessed individually thereafter collectively, considering factors such as payment histories and ratios, qualitative factors e.g. correspondence from attorneys, disputes about certain accounts, etc.

20.3.2 Other debtors

Other Debtors are reviewed individually considering payment histories and disputes about certain amounts. Provision for impairment is made accordingly.

20.3.3 Long term debtors

- *Housing Loans*

The loans in this group are assessed by reviewing their payment histories and ratios. Provision for impairment is made accordingly.

- *Other Long Term Debtors*

No provision for impairment is made for Other Long term Debtors, because it is envisaged that these debts will be fully recovered.

Other financial assets at amortised cost are assessed individually for impairment.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in the Statement of Financial Performance.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through the Statement of Financial Performance to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

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20.4 De-recognition of financial assets

The municipality derecognises Financial Assets only when the contractual rights to the cash flows from the asset expires or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity, except when Council approves the write-off of Financial Assets due to non-recoverability.

If the municipality neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the municipality recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the municipality retains substantially all the risks and rewards of ownership of a transferred financial asset, the municipality continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

20.5 De-recognition of financial liabilities

The municipality derecognises Financial Liabilities when, and only when, the municipality's obligations are discharged, cancelled or they expire.

21. REVENUE RECOGNITION

Revenue, excluding value-added taxation where applicable, is derived from a variety of sources which include rates levied, grants from other tiers of government and revenue from trading activities and other services provided.

The municipality recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the municipality and when specific criteria have been met for each of the municipalities' activities as described below. The amount of revenue is not considered to be reliably measurable until all contingencies relating to the sale have been resolved. The municipality bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement. Furthermore services rendered are recognised by reference to the stage of completion of the transaction at the reporting date.

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, stock rotation, price protection, rebates and other similar allowances.

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Revenue from exchange transactions refers to revenue that accrued to the municipality directly in return for services rendered / goods sold, the value of which approximates the consideration received or receivable.

Revenue from non-exchange transactions refers to transactions where the municipality received revenue from another entity without directly giving approximately equal value in exchange. Revenue from non-exchange transactions is generally recognised to the extent that the related receipt or receivable qualifies for recognition as an asset and there is no liability to repay the amount.

21.1 Revenue from exchange transactions

21.1.1 Service charges

Service charges relating to electricity and water are based on consumption. Meters are read on a monthly basis and are recognised as revenue when invoiced. Provisional estimates of consumption, based on the consumption history, are made monthly when meter readings have not been performed. The provisional estimates of consumption are recognised as revenue when invoiced, except at year-end when estimates of consumption up to year-end are recorded as revenue without it being invoiced. Adjustments to provisional estimates of consumption are made in the invoicing period in which meters have been read. These adjustments are recognised as revenue in the invoicing period. In respect of estimates of consumption between the last reading date and the reporting date, an accrual is made based on the average monthly consumption of consumers.

Service charges relating to refuse removal are recognised on a monthly basis in arrears by applying the approved tariff to each property that has improvements. Tariffs are determined per category of property usage, and are levied monthly based on the number of refuse containers on each property, regardless of whether or not all containers are emptied during the month.
Service charges from sewerage and sanitation are based on the type of service and the number of sewer connections on all developed property, using the tariffs approved by Council and are levied monthly.

In circumstances where services cannot readily be measured and quantified, a flat rate service charge is levied monthly on such properties.

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21.1.2 Pre-paid electricity

Revenue from the sale of electricity pre-paid meter cards are recognised at the point of sale. Revenue from the sale of electricity prepaid meter cards are recognised based on an estimate of the prepaid electricity consumed as at the reporting date.

21.1.3 Interest earned and rentals received

Interest and rentals are recognised on a time proportion basis that takes into account the effective yield on the investment. Interest may be transferred from the Accumulated Surplus to the Housing Development Fund or the Insurance Reserve.

Interest earned on the following investments is not recognized in the Statement of Financial Performance:-

- Interest earned on unutilised conditional grants is allocated directly to the creditor: unutilised conditional grants, if the grant conditions indicate that interest is payable to the funder.

21.1.4 Dividends

Dividends are recognised on the date that the municipality becomes entitled to receive the dividend in accordance with the substance of the relevant agreement, where applicable.

21.1.5 Tariff charges

Revenue arising from the application of the approved tariff of charges is recognised when the relevant service is rendered by applying the relevant authorised tariff. This includes the issuing of licences and permits.

21.1.6 Income from agency services

Income for agency services is recognised on a monthly basis once the income collected on behalf of agents has been quantified. The income recognised is in terms of the agency agreement.

21.1.7 Housing rental and instalments

Finance income from the sale of housing by way of instalment sale agreements or finance leases is recognised on a time proportion basis.

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21.1.8 Sale of goods

Revenue from the sale of goods is recognised when all the following conditions have been satisfied:

- The municipality has transferred to the buyer the significant risks and rewards of ownership of the goods.
- The municipality retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold.
- The amount of revenue can be measured reliably.
- It is probable that the economic benefits or service potential associated with the transaction will flow to the municipality.
- The costs incurred or to be incurred in respect of the transaction can be measured reliably.

21.2 Revenue from non-exchange transactions

21.2.1 Rates and taxes

Revenue from property rates is recognised when the legal entitlement to this revenue arises. Collection charges are recognised when such amounts are legally enforceable. Penalty interest on unpaid rates is recognised on a time proportion basis with reference to the principal amount receivable and effective interest rate applicable. A composite rating system charging different rate tariffs is employed. Rebates are granted to certain categories of ratepayers and are deducted from revenue.

21.2.2 Fines

Fines constitute both spot fines and camera fines. Fines are recognised when the receivable meets the definition of an asset and satisfies the criteria for recognition as an asset. It is measured at the best estimate, based on past experience, of the amount of revenue the Municipality is entitled to collect.

Subsequent to initial recognition and measurement, the municipality assess the collectability of the revenue and recognises a separate impairment loss where appropriate.

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21.2.3 Donations and contributions

Donations and funding are recognised as revenue to the extent that the municipality has complied with any of the criteria, conditions or obligations embodied in the agreement. Where the agreement contains a stipulation to return the asset, other future economic benefits or service potential, in the event of non-compliance to these stipulations and would be enforced by the transferor, a liability is recognised to the extent that the criteria, conditions or obligations have not been met. Where such requirements are not enforceable, or where past experience has indicated that the transferor has never enforced the requirement to return the transferred asset, other future economic benefits or service potential when breaches have occurred, the stipulation will be considered a restriction and is recognised as revenue.

Revenue from public contributions is recognised when all conditions associated with the contribution have been met or where the contribution is to finance property, plant and equipment, when such items of property, plant and equipment are brought into use.

Assets acquired in non-exchange transactions are measured at fair value in accordance with the Standards of GRAP.

21.2.4 Government grants and receipts

- *Unconditional grants*

  Equitable share allocations are recognised in revenue at the start of the financial year if no time-based restrictions exist.

- *Conditional grants and receipts*

  Conditional grants, donations and funding are recognised as revenue to the extent that the municipality has complied with any of the criteria, conditions or obligations embodied in the agreement. Where the agreement contains a stipulation to return the asset, other future economic benefits or service potential, in the event of non-compliance to these stipulations and would be enforced by the transferor, a liability is recognised to the extent that the criteria, conditions or obligations have not been met. Where such requirements are not enforceable, or where past experience has indicated that the transferor has never enforced the requirement to return the transferred asset, other future economic

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benefits or service potential when breaches have occurred, the stipulation will be considered a restriction and is recognised as revenue.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the municipality with no future related costs are recognised in the Statement of Financial Performance in the period in which they become receivable.

Revenue is recognised when all conditions associated with the contribution have been met or where the contribution is to finance property, plant and equipment, when such items of property, plant and equipment are brought into use.

- *Interest earned on unspent grants and receipts*

  Interest earned on investments is treated in accordance with grant conditions. If it is payable to the funder it is recorded as part of the creditor and if it is the municipality's interest it is recognised as interest earned in the Statement of Financial Performance in accordance with GRAP 9.

21.2.5 Revenue from recovery of unauthorised, irregular, fruitless and wasteful expenditure

Revenue from the recovery of unauthorised, irregular, fruitless and wasteful expenditure is based on legislated procedures, including those set out in the Municipal Finance Management Act (Act No.56 of 2003) and is recognised when the recovery thereof from the responsible councillors or officials is virtually certain. Such revenue is based on legislated procedures.

21.2.6 Services received in kind

Services in kind are recognised at its fair value when it is significant to the operations and/or service delivery objectives and when it is probable that the future economic benefits or service potential will flow to the entity and the fair value of the assets can be measured reliably. If the services in-kind are not significant to the operations and/or service delivery objectives and/or do not satisfy the criteria for recognition, only the nature and type of services in-kind received during the reporting period is disclosed.

21.2.7 Revenue recognition of unclaimed deposits

Unclaimed deposits older than three (3) years are recognised as revenue.

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22. HOUSING ARRANGEMENTS

The ASB issued the guideline on Accounting for Arrangements Undertaken i.t.o the National Housing Programme during the 2017/2018 financial year. Although not yet effective and not been early adopted by the municipality, certain principles contained within the guide necessitated the correction of certain previously accepted accounting principles applied in prior years, related to BNG housing (Top structures).

The municipality has subsequently used the principles of GRAP 109 - Accounting by Principals and Agents and GRAP 11, Construction contracts to formulate its accounting policy for housing arrangements.

Where the Municipality acts as a project manager in a housing arrangement, it is regarded as an agent in terms of the principles of GRAP 109 - Accounting by Principals and Agents.

Where the municipality is regarded as an agent, costs related to the construction of top structures and the related recovery thereof (revenue) is not be recognised in the statement of financial performance of the municipality.

Where the Municipality is identified as a project developer, the construction of the houses is performed by the municipality or by the appointment a sub-contractor to undertake the construction on the municipality's behalf. The municipality will apply the principles in the GRAP 11, Construction Contracts to account for theses construction activities.

Where the municipality is regarded as the project developer and if the outcome of the construction contract can be estimated reliably, then contract revenue is recognised in profit or loss in proportion to the stage of completion of the contract. The stage of completion is assessed with reference to surveys of work performed. Otherwise, contract revenue is recognised only to the extent of contract costs incurred that are likely to be recoverable. Contract revenue will be in the form of a grant from the Western Cape Department of Human settlements and presented and disclosed under transfers and subsidies in the Statement of Financial Performance.

23. VALUE ADDED TAX

The Municipality is registered with SARS for VAT on the payments basis, in accordance with Section 15(2)(a) of the Value-Added Tax Act No 89 of 1991.

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24. GRANTS-IN-AID

The municipality transfers money to individuals, organizations and other sectors of government from time to time. When making these transfers, the municipality does not:-

- Receive any goods or services directly in return, as would be expected in a purchase or sale transaction;
- Expect to be repaid in future; or
- Expect a financial return, as would be expected from an investment.

These transfers are recognized in the financial statements as expenses in the period that the events giving rise to the transfer occurred.

25. UNAUTHORISED EXPENDITURE

Section 1 of the Municipal Finance Management Act (MFMA), No 56 of 2003, defines "unauthorised expenditure" as follows -

(a) Overspending of the total amount appropriated in the municipality's approved budget;
(b) Overspending of the total amount appropriated for a vote in the approved budget;
(c) Expenditure from a vote unrelated to the department or functional area covered by the vote;
(d) Expenditure of money appropriated for a specific purpose, otherwise than for that specific purpose or
(e) Spending of an allocation referred to in paragraph (b), (c) or (d) of the definition of "allocation" otherwise than in accordance with any conditions of the allocation; or
(f) a grant by the municipality otherwise than in accordance with this Act;

Section 1 of the MFMA also defines a **"vote"** as:

a) One of the main segments into which a budget of a municipality is divided for the appropriation of money for the different departments or functional areas of the municipality; and
b) Which specifies the total amount that is appropriated for the purposes of the department or functional area concerned.

The Municipality uses the Government Finance Statistics (GFS) functions as well as

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directorates as the main groupings of segments of the Municipality's budget segments within the Municipality are grouped per directorate to facilitate greater accountability and budget implementation by the respective Executive Managers as well as per GFS classification to facilitate comparisons on a higher level.

All expenditure relating to unauthorised expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance. If the expenditure is not condoned by the Council it is treated as an asset until it is recovered or written off as irrecoverable.

26. IRREGULAR EXPENDITURE

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No 56 of 2003), the Municipal Systems Act (Act No 32 of 2000), and the Public Office Bearers Act (Act No 20 of 1998) or is in contravention of the Municipality's or Municipal Entities' supply chain management policies. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as an expense in the Statement of Financial Performance in the period it occurred and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance. If the expenditure is not condoned by the Council it is treated as an asset until it is recovered or written off as irrecoverable.

27. FRUITLESS AND WASTEFUL EXPENDITURE

Fruitless and wasteful expenditure is expenditure that was made in vain and would have been avoided had reasonable care been exercised. All expenditure relating to fruitless and wasteful expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance. If the expenditure is not condoned by the Council it is treated as an asset until it is recovered or written off as irrecoverable.

28. FOREIGN CURRENCIES

Transactions in foreign currencies are translated to the functional currency of the entity at exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the reporting date

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are retranslated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost or fair value in the functional currency at the beginning of the period, adjusted for effective interest and payments during the period, and the amortised cost in foreign currency translated at the exchange rate at the end of the reporting period.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Foreign currency differences arising on retranslation are recognised in surplus or deficit.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

Cash flows arising from transactions in a foreign currency are recorded in Rand's by applying, to the foreign currency amount, the exchange rate between the Rand and the foreign currency at the date of the cash flow.

29. CHANGES IN ACCOUNTING POLICIES, ESTIMATES AND ERRORS

Changes in accounting policies that are affected by management have been applied retrospectively in accordance with GRAP 3 requirements, except to the extent that it is impracticable to determine the period-specific effects or the cumulative effect of the change in policy. In such cases the municipality shall restate the opening balances of assets, liabilities and net assets for the earliest period for which retrospective restatement is practicable.

Changes in accounting estimates are applied prospectively in accordance with GRAP 3 requirements.

Correction of errors is applied retrospectively in the period in which the error has occurred in accordance with GRAP 3 requirements, except to the extent that it is impracticable to determine the period-specific effects or the cumulative effect of the error. In such cases the municipality shall restate the opening balances of assets, liabilities and net assets for the earliest period for which retrospective restatement is practicable.

Details of changes in accounting policies, changes in estimates and correction of errors are disclosed in the notes to the annual financial statements where applicable.

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30. RELATED PARTIES

Individuals as well as their close family members, and/or entities are related parties if one party has the ability, directly or indirectly, to control or jointly control the other party or exercise significant influence over the other party in making financial and/or operating decisions. Management is regarded as a related party and comprises the councillors, Executive Mayor, Mayoral Committee members, Municipal Manager, executive directors and all other managers reporting directly to the Municipal Manager or as designated by the Municipal Manager.

31. EVENTS AFTER THE REPORTING DATE

Events after the reporting date that are classified as adjusting events have been accounted for in the Annual Financial Statements. The events after the reporting date that are classified as non-adjusting events after the reporting date have been disclosed in the notes to the Annual Financial Statements.

32. CONTINGENT ASSETS AND CONTINGENT LIABILITIES

Contingent liabilities represent a possible obligation that arises from past events and whose existence will be confirmed only by an occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity.

A contingent liability can also arise as a result of a present obligation that arises from past events but which is not recognised as a liability either because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability.

Contingent assets represent possible assets that arise from past events and whose existence will be confirmed only by an occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in the notes to the annual financial statements.

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1. KEY JUDGEMENTS AND SOURCES OF ESTIMATION UNCERTAINTY

In the application of the municipality's accounting policies, which are described above, management is required to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. The estimates and associated assumptions are based on historical experience and other factors that are considered to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

These estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements

The following are the critical judgements, apart from those involving estimations, that the management have made in the process of applying the municipality's Accounting Policies and that have the most significant effect on the amounts recognised in Annual Financial Statements:

- **Lease classification – Municipality as lessor**

  Municipality has entered into commercial property leases on its investment property portfolio. The Municipality has determined that it retains all the significant risks and rewards of ownership of these properties, and so accounts for them as operating leases.

- **Lease classification - – Municipality as lessee**

  The Municipality has entered into a number of leases for office equipment. In determining whether a lease agreement is a finance lease or an operating lease requires judgement as to whether the agreement transfers substantially all the risks and rewards of ownership to the Municipality.

  Judgement is required on various aspects that include, but are not limited to, the fair value of the leased asset, the economic life of the leased asset, whether or not to include renewal options in the lease term, and determining an appropriate discount rate to calculate the present value of the minimum lease payments. The Municipality

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has exercised its judgement on the appropriate classification of equipment leases, and has determined a number of lease arrangements are finance leases.

- **Classification of Property as held for strategic purposes.**

  The Municipality classifies vacant land that is earmarked for future development in terms of the Municpality's Spatial development framework, as Property, plant and Equipment, rather than Investment Property.

- **Criteria for the classification of properties as Investment property rather than Property, plant and equipment, when classification is difficult are as follows:**
  All properties held to earn market-related rentals or for capital appreciation or both and that are not for administrative purposes and that will not be sold in the ordinary course of operations are classified as Investment Properties.

  Land held for currently undetermined future use.

  Leases properties that are held to provide a social (community) service or that are necessary for employees to perform their job functions, but which also generates rental revenue are not seen as Investment Properties. The rental revenue generated is incidental to the purposes for which the property is held.

- **Determination of Repairs and Maintenance costs**
  Repairs and Maintenance is based on Management's own judgement of costs incurred in cost centres responsible for the maintenance and repair of Municipal owned assets. This includes internal charges (inter departmental charges) such as internal transport costs, charged out to the different departments.

  Estimates and assumptions
  The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below.

- **Pension and other post-employment benefits**
  The cost of defined benefit pension plans and other employment medical benefits is determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, expected rates of return on assets, future salary increases, mortality rates and future pension increases. Due to the long-term nature of these plans, such estimates are subject to significant uncertainty.

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- **Classification of financial assets and liabilities**
  The classification of financial assets and liabilities, into categories, is based on judgement by management. The Accounting Policy on Financial Instruments describes the factors and criteria considered by the management of the municipality in the classification of financial assets and liabilities.

  In making the above-mentioned judgement, management considered the definition and recognition criteria for the classification of financial instruments as set out in GRAP 104: Financial Instruments.

- **Impairment of financial assets**
  The Accounting Policy on Financial Instruments describes the process followed to determine the value by which financial assets should be impaired. In making the estimation of the impairment, the management of the municipality considers the detailed criteria of impairment of financial assets as set out in GRAP 104: Financial Instruments and used its judgement to select a variety of methods and make assumptions that are mainly based on market conditions existing at the end of the reporting period. The management of the municipality is satisfied that the impairment of financial assets recorded during the year is appropriate.

  The calculation in respect of the impairment of service debtors (receivables from exchange and non-exchange transactions) is based on an assessment of the extent to which debtors have defaulted on payments already due, and an assessment of their ability to make payments based on their creditworthiness. This was performed per service-identifiable categories across all classes of debtors.

  The calculation in respect of the impairment of fine receivables (receivables from non-exchange transactions) is based on an assessment of the past payment history of fines per category.

- **Valuation of Financial Assets at Fair Value**
  Where the fair value of financial assets and financial liabilities recorded in the statement of financial position cannot be derived from active markets, their fair value is determined using valuation techniques including the discounted cash flow model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, judgment is required in establishing fair values. Judgment includes the consideration of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

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- **Review of useful lives of property, plant and equipment and intangible assets**
  The useful lives of assets are based on management's estimation. Management considers whether there is any indication that expectations about the residual value and the useful life of an asset have changed since the preceding reporting date. These include changes in the composition, condition and nature of the asset, its susceptibility and adaptability to changes in technology and processes, the nature of the processes and environment in which the asset is deployed, availability of funding to replace the asset and changes in the market in relation to the asset, as well as planned repairs and maintenance including refurbishments.

- **Valuation of Land and buildings and fair value estimations of Investment Property**
  Land and buildings were valued and the fair value of Investment property determined, by reference to market-based evidence, using comparable prices adjusted for specific market factors such as nature, location and condition of the property.

- **Impairment of property plant and equipment, intangible assets, heritage assets and inventory**
  The Accounting Policies on Impairment of Cash and Non-cash generating assets as well as Inventory describes the conditions under which non-financial assets are tested for potential impairment losses by the management of the municipality. Significant estimates and judgements are made relating to the impairment of Property, Plant and Equipment, Intangible Assets and Heritage Assets and the write down of Inventories to the lowest of Cost and Net Realisable Values (NRV).

  In making the above-mentioned estimates and judgement, management considers the subsequent measurement criteria and indicators of potential impairment losses as set out in GRAP 21: Impairment of Cash generating Assets and GRAP 26: Impairment of non-Cash generating Assets.

- **Provisions and contingent liabilities**
  Management judgement is required when recognising and measuring provisions, and when measuring contingent liabilities Provisions are measured at the management's best estimate of the expenditure required to settle the obligation at the reporting date, and are discounted to present value where the effect is material.

  Assumptions were used in determining the provision for rehabilitation of landfill sites. Provision is made for the estimated cost to be incurred on the long-term environmental obligations, comprising expenditure on pollution control and closure over the estimated life of the landfill. The provision is based on the advice and judgment of qualified engineers. The estimates are discounted at a pre-tax discount rate that reflect current market assessments of the time value of money. The increase in the rehabilitation

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provision due to passage of time is recognized as finance cost in the statement of financial performance.

- **Revenue recognition**

  The Accounting Policies on Revenue from Exchange Transactions and Revenue from Non-exchange Transactions describes the conditions under which revenue will be recorded by the management of the municipality. In making their judgement, the management considered the detailed criteria for the recognition of revenue as set out in GRAP 9: Revenue from Exchange Transactions and GRAP 23: Revenue from Non-exchange Transactions.

  In particular: in regards to revenue form exchange revenue - when goods are sold, whether the municipality had transferred to the buyer the significant risks and rewards of ownership of the goods; and, when services is rendered, whether the service has been rendered.

  Also of importance is the estimation process involved in initially measuring revenue at the fair value thereof. In regards to revenue from non-exchange transactions - significant estimations were made to the initial recognition and measurement of revenue on fines, on the estimated reductions on initial recognition and measurement. Based on past experience, of the amount of revenue the Municipality is entitled to collect was calculated as 96.8% of the value of the fines issued, whereas it was estimated that 77.8% of the value of the fines issued were impaired. The management of the municipality is satisfied that recognition of the revenue in the current year is appropriate.

- **Budget Information**

  Management assumes deviations between budget and actual amounts to be material when a deviation of more than 10% exists. All material differences are explained in the notes to the annual financial statements.

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	2018 R	Restated 2017 R
2. *HOUSING DEVELOPMENT FUND*		
Realised Housing Proceeds		
Balance at beginning of the year	**21,636,414**	**16,968,574**
Plus : Interest & Redemption & Other on Housing Schemes	315,302	5,686,853
Plus : (Net Loss) / Surplus on letting schemes	(2,871,236)	(293,933)
Less : Housing Subsidies Expenditure	(517,729)	(725,080)
Balance at the end of the year	**18,562,750**	**21,636,414**
Unrealised Housing Proceeds		
Balance at beginning of the year	**2,465,845**	**3,175,550**
Long term Housing Loans	(501,112)	(709,705)
Balance at the end of the year	**1,964,733**	**2,465,845**
TOTAL	**20,527,483**	**24,102,259**
3. *RESERVES AND FUNDS*		
Re-valuation Reserve	1,617,859,741	1,233,155,247
Total Reserves	**1,617,859,741**	**1,233,155,247**

The Revaluation Reserve arises on the revaluation of Land and Buildings. Where revalued Land or Buildings are sold, the portion of the Revaluation Reserve that relates to that asset, and is effectively realised, is transferred directly to Accumulated Surplus.

Distributions from the Revaluation Reserve can be made when it is in accordance with the requirements of the municipality's accounting policy. The payment of cash distributions out of the reserve is restricted by the terms of the municipality's accounting policy. These restrictions do not apply to any amounts transferred to the Accumulated Surplus. Council do not currently intend to make any distribution from the Revaluation Reserve.

Refer to *Statement of Changes in Net Assets* for more detail and the movement on Reserves.

4. *ACCUMULATED SURPLUS / (DEFICIT)*		
Total Accumulated Surplus	**2,544,352,635**	**2,501,877,482**

Refer to *Statement of Changes in Net Assets* for more detail and the movement on Accumulated Surplus.

Accumulated surplus has been restated according to GRAP 3. Refer to Note 40 on *"Restatement of Prior Year Figures and Adjustments"* for details of the restatement.

5. *BORROWINGS*		
Total Borrowings		
Annuity Loans	1,504,630,706	1,190,488,364
Finance Leases	4,726,726	3,989,231
Sub-total	**1,509,357,431**	**1,194,477,595**
Less : Current portion transferred to current liabilities	(174,823,778)	(162,764,263)
Annuity Loans	(171,335,664)	(160,839,692)
Finance Leases	(3,488,114)	(1,924,571)
Non-current Borrowings	**1,334,533,653**	**1,031,713,332**
Annuity Loans	1,333,295,041	1,029,648,672
Finance Leases	1,238,612	2,064,660

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	2018 R	Restated 2017 R

5.1 Summary of Arrangements

Annuity Loans are repaid over periods varying from 3 to 10 (2017: 3 to 10) years and at interest rates varying from 6.75% to 12.65% (2017: 6.75% to 12.65%) per annum. Annuity Loans are not secured.

The fair value of borrowings was determined after considering the standard terms and conditions of agreements entered into between the municipality and the relevant financing institutions.

Refer to Appendix "A" for more detail on borrowings.

5.2 Obligations under Finance Leases

The Municipality as Lessee:

The obligations under Finance Leases are as follow:

Minimum lease payments payable

Payable within one year	3,733,462	2,313,302
Payable within two to five years	1,325,827	2,243,123
Payable after five years	0	0
Total minimum lease payments	**5,059,289**	**4,556,425**
Less: future finance charges	332,563	567,194
Present value of minimum lease payments	**4,726,726**	**3,989,231**

Present value of minimum lease payments

Payable within one year	3,488,114	1,924,571
Payable within two to five years	1,238,612	2,064,660
Payable after five years	0	0
Present value of lease obligations	**4,726,726**	**3,989,231**

Finance leases were entered into for certain photocopier machines for a leases period of 36 months, electronic cashboxes/drop safes in 2017/18 (lease period of 48 months) and a mobile containerised substation in 2017/18 (lease period of less than 1 year). Interest rates are fixed at the inception of the agreements. No arrangements have been entered into for contingent rental payments. The minimum lease payments equals the fair value of the equipment.

6. *DEFINED BENEFIT OBLIGATION*

Post Employment Health Care Benefits	124,485,000	118,305,000
Ex-Gratia Pension Benefits	2,515,000	2,591,000
	127,000,000	**120,896,000**
Less: Transfer to Current Obligations	(7,786,000)	(7,144,000)
Post Employment Health Care Benefits	(7,568,000)	(6,935,000)
Ex-Gratia Pension Benefits	(218,000)	(209,000)
Non-Current defined Benefit Plan Obligation	**119,214,000**	**113,752,000**

6.1 Post Employment Health Care Benefits

The municipality provides certain post-retirement medical benefits by funding the medical aid contributions of qualifying retired members of the municipality. According to the rules of the Medical Aid Funds, with which the municipality is associated, a member (who is on the current conditions of service) is entitled to remain a continued member of such medical aid fund on retirement, in which case the municipality is liable for a certain portion of the medical aid membership fee. The municipality operates an unfunded defined benefit plan for these qualifying employees.

The most recent actuarial valuations of plan assets and the present value of the defined benefit obligation were carried out at 30 June 2018 by Mr Niel Fourie and Mr Julian van der Spuy of ZAQEN Actuaries Pty (Ltd). The present value of the defined benefit obligation, and the related current service cost and past service cost, were measured using the Projected Unit Credit Method.

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	2018 R	Restated 2017 R
The Post Employment Health Care Benefit Plan is a defined benefit plan, of which the members are made up as follow:		
In-service Members (Employees)	639	578
Continuation Members (Retirees)	202	200
Total Members	841	778
The liability in respect of past service has been estimated as follow:		
In-service Members	53,961,000	47,966,000
Continuation Members	70,524,000	70,339,000
Total Liability	124,485,000	118,305,000

The municipality makes monthly contributions for health care arrangements to the following Medical Aid Schemes:

- Bonita's
- Hosmed
- Key Health
- LA Health
- Fed Health
- Samwumed

The Future-service Cost for the ensuing year is estimated to be R 3,348,000 whereas the Interest Cost for the year after is estimated to be R 12,156,000.

The principal assumptions used for the purposes of the actuarial valuations were as follow:

i) Rates of Interest		
Discount Rate	Yield curve	Yield curve
CPI (Consumer Price Inflation)	Difference between nominal and yield curve	Difference between nominal and yield curve
Health Care Cost Inflation Rate	CPI+1%	CPI+1%
Net Effective Discount Rate	Yield curve based	Yield curve based

GRAP 25 defines the determination of the Discount rate assumption to be used as follow:
"The discount rate that reflects the time value of money is best approximated by reference to market yields at the reporting date on government bonds. Where there is no deep market in government bonds with a sufficiently long maturity to match the estimated maturity of all the benefit payments, an entity uses current market rates of the appropriate term to discount shorter term payments, and estimates the discount rate for longer maturities by extrapolating current market rates along the yield curve."

The Actuaries used the nominal and real zero curves as at 29 June 2018 supplied by the JSE to determine the discount rates and CPI assumptions at each relevant time period. In the event that the valuation is performed prior to the effective valuation date, they used the prevailing yield at the time of performing their calculations. The methodology was changed from a point estimate to that of a curve in order to present a more accurate depiction of the liability. Previously only one discount rate was used to value all the liabilities. This changed methodology would be seen as a change in estimate basis.

ii) Mortality rates
Mortality before retirement has been based on the SA 85-90 mortality tables. These are the most commonly used tables in the industry. Mortality post-employment (for pensioners) has been based on the PA (90) ultimate mortality tables. No explicit assumption was made about additional mortality or health care costs due to AIDS.

iii) Normal retirement age
The average retirement age for all active employees was assumed to be 63 years. This assumption implicitly allows for ill-health and early retirements. The normal retirement age (NRA) for all active employees was assumed to be 65 years.

The amounts recognised in the Statement of Financial Position are as follow:		
Fair value of plan assets	0	0
Unrecognised Actuarial Gains / (Losses)	0	0
Present value of unfunded obligations	124,485,000	118,305,000
Total Benefit Liability	124,485,000	118,305,000

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	2018 R	Restated 2017 R
The amounts recognised in the Statement of Financial Performance are as follow:		
Current service cost	3,440,000	3,092,000
Interest cost	11,872,000	12,325,000
Actuarial losses / (gains) recognised	39,479	(14,741,730)
Total Post-retirement Benefit included in Employee Related Costs (Note 30)	15,351,479	675,270
Movements in the present value of the Defined Benefit Obligation were as follow:		
Balance at the beginning of the year	118,305,000	126,078,000
Service costs	3,440,000	3,092,000
Interest cost	11,872,000	12,325,000
Benefits paid	(9,171,479)	(8,448,270)
Actuarial losses / (gains) recognised	39,479	(14,741,730)
Present Value of Fund Obligation at the end of the year	124,485,000	118,305,000
Movements in the present value of the Defined Benefit Assets were as follow:		
Balance at the beginning of the year	0	0
Contributions from the employer	9,171,479	8,448,270
Benefits paid	(9,171,479)	(8,448,270)
Balance at the end of the year	0	0

The history of experienced adjustments are as follow:

	2018 R	2017 R	2016 R	2015 R	2014 R
Present Value of Defined Benefit	124,485,000	118,305,000	126,078,000	127,693,000	117,522,000
Fair Value of Plan Assets	0	0	0	0	0
Deficit	124,485,000	118,305,000	126,078,000	127,693,000	117,522,000
Experienced adjustments on Plan	0	0	0	0	0

The effect of a 1% movement in the assumed rate of health care cost inflation is as follow:

	+1% Increase	-1% Decrease
Effect on the defined benefit obligation	126,685,000	121,534,000
Effect on the aggregate of the interest cost	12,378,000	11,859,000
Effect on the aggregate of the current service cost	3,411,000	3,250,000

Total accrued liability	+20% Mortality Rate	-20% Mortality Rate
The effect of a 20% movement in the assumed mortality rates are as follow on the ensuing years assumptions:		
Total accrued liability	117,465,000	132,744,000
Effect on the aggregate of the interest cost	11,450,000	12,990,000
Effect on the aggregate of the current service cost	3,156,000	3,565,000

The municipality expects to make a contribution of R 7,568,000 to the Defined Benefit Plan during the next financial year.

Refer to Note 49 *"Retirement Benefit Information"* to the Annual Financial Statements for more information regarding the municipality's other retirement funds that is Provincially and Nationally administered.

The post-employment medical benefit has been restated according to GRAP 3. Refer to Note 40 on "*Restatement of Prior Year Figures and Adjustments*" for details of the restatement.

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	2018 R	Restated 2017 R

6.2 Ex-Gratia Pension Benefits

The Municipality provides pension and retirement gratuity benefits to certain employees who were in the employment of the former Paarl and Wellington Municipalities (now incorporated into the Drakenstein Municipality) at 31 December 1994 (Paarl) and 31 March 1995 (Wellington) and still in the employment of Drakenstein Municipality at date of normal retirement, medical disability, retrenchment or death. The gratuity is calculated on the salary benefits during 1994/1995.

The most recent actuarial valuations of plan assets and the present value of the defined benefit obligation were carried out at 30 June 2018 by Mr Niel Fourie and Mr Julian van der Spuy of ZAQEN Actuaries Pty (Ltd). The present value of the defined benefit obligation, and the related current service cost and past service cost, were measured using the Projected Unit Credit Method.

The Ex-Gratia Pension Benefit Plan is a defined benefit plan, of which the members are made up as follow:

In-service Members (Employees)	200	215
Continuation Members (Retirees)	15	15
Total Members	215	230

The liability in respect of past service has been estimated as follow:

In-service Members	0	0
Continuation Members	2,515,000	2,591,000
Total Liability	2,515,000	2,591,000
Lump Sum Benefit	1,473,000	1,544,000
Pension Benefit	1,042,000	1,047,000
	2,515,000	2,591,000

The interest-cost for the next year is estimated to be R 204,000. Actuaries are of opinion that future service cost need not be determined for pension fund liability as all benefits vests immediately.

The principal assumptions used for the purposes of the actuarial valuations were as follow:

i) Rates of Interest

	Lump sum valuation	Lump sum valuation
Discount Rate	8.40%	8.74%
Consumer Price Inflation (CPI)	5.69%	6.18%
Pension increase rate - pensioners	6.69%	7.18%
Net Effective Discount Rate	1.60%	1.46%
	Pensioner Valuation	**Pensioner Valuation**
Discount Rate	8.58%	9.36%
Consumer Price Inflation (CPI)	5.78%	6.86%
Pension increase rate - pensioners	6.78%	7.86%
Net Effective Discount Rate	1.69%	1.39%

In accordance with GRAP 25 the discount rate was determined using the implied duration of the liability to obtain an appropriate interest rate on the yield curve. The nominal and real zero curves as at 29 June 2018 supplied by the JSE was used to determine the discounted rates and CPI assumptions.

ii) Mortality rates

Mortality before retirement has been based on the PA (90) mortality tables. These are the most commonly used tables in the industry. It was assumed that female spouses would be five years younger than their male spouses and vice versa.

iii) Normal retirement age

The average retirement age for all active employees was assumed to be 63 years. This assumption implicitly allows for ill-health and early retirements. The normal retirement age (NRA) for all active employees was assumed to be 65 years.

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	2018 R	Restated 2017 R
The amounts recognised in the Statement of Financial Position are as follow:		
Fair value of plan assets	0	0
Unrecognised actuarial gains / (losses)	0	0
Present value of unfunded obligations	2,515,000	2,591,000
Total Benefit Liability	2,515,000	2,591,000
The amounts recognised in the Statement of Financial Performance are as follow:		
Current service cost	0	0
Interest cost	224,000	275,000
Actuarial losses / (gains) recognised	(151,764)	(885,260)
Total Post-retirement Benefit included in Employee Related Costs (Note 30)	72,236	(610,260)
Movements in the present value of the Defined Benefit Obligation were as follow:		
Balance at the beginning of the year	2,591,000	3,369,000
Service costs	0	0
Interest cost	224,000	275,000
Benefits paid	(148,236)	(167,740)
Actuarial losses / (gains) recognised	(151,764)	(885,260)
Present Value of Fund Obligation at the end of the year	2,515,000	2,591,000
Movements in the present value of the Defined Benefit Assets were as follow:		
Balance at the beginning of the year	0	0
Contributions from the employer	(148,236)	(167,740)
Benefits paid	148,236	167,740
Balance at the end of the year	0	0

The history of experienced adjustments is as follow:

	2018 R	2017 R	2016 R	2015 R	2014 R
Present Value of Defined Benefit	2,515,000	2,591,000	3,369,000	3,964,000	4,978,000
Fair Value of Plan Assets	0	0	0	0	0
Deficit	2,515,000	2,591,000	3,369,000	3,964,000	4,978,000
Experienced adjustments on Plan	0	0	0	0	0

The effect of a 1% movement in the assumed rate of pension increase inflation is as follow:

	1% Decrease	1% Increase
Effect on the interest cost	200,000	210,000
Effect on the defined benefit obligation	2,459,000	2,578,000

The municipality expects to make a contribution of R 218,000 to the Defined Benefit Plan during the next financial year.

Refer to Note 49 *"Retirement Benefit Information"* to the Annual Financial Statements for more information regarding the municipality's other retirement funds that is Provincially and Nationally administered.

7. *PROVISIONS*

Balance of Current Provisions at end of year	20,101,844	24,887,727
Balance of Non-current Provisions at end of year	201,662,002	167,585,754
Balance of Provisions at end of year	221,763,846	192,473,481

7.1 Provision for rehabilitation are reconciled as follow:

The movement in Non-current Provisions are reconciled as follow:

Landfill site		
Balance at beginning of year	144,183,096	150,981,665
Changes in estimates	31,301,032	(5,491,603)
Rehabilitation expenditure during the year	(9,668,126)	(1,306,966)
Balance of Provisions for Rehabilitation at end of year	165,816,002	144,183,096
Balance of Current Provisions for Rehabilitation at end of year	0	7,859,343
Balance of Non-current Provisions for Rehabilitation at end of year	165,816,002	136,323,753
Balance of Provisions for Rehabilitation at end of year	165,816,002	144,183,096

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	2018 R	Restated 2017 R

The council will incur further rehabilitation cost on its unrehabilitated dumping/landfill sites over the period 2019/20 up to 2024/25. During 2017/18 the rehabilitation of the Saron, Gouda and Hermon landfill sites were completed. Provision has been made for the net present value of this cost based on the *status quo* as at 30 June 2018. Future interventions such as the proposed management of the Wellington Landfill site may in future adjust the date and cost of rehabilitation.

	Proposed rehabilitation date - 30 June 2018		
Wellington Existing	2022/2023	45,794,991	28,826,576
Wellington Old	2024/2025	32,065,401	20,074,999
Gouda	Rehabilitation completed	0	2,401,230
Saron	Rehabilitation completed	0	5,458,113
Hermon	Rehabilitation completed	0	4,359,471
Dal Josafat	2019/2020	13,793,973	13,428,156
Orleans	2019/2020	24,275,094	23,686,086
Boy Louw (Zanddrift)	2020/2021	49,886,543	45,948,466
		165,816,002	144,183,096

JG Afrika is a consulting engineering and environmental consulting firm appointed to determine a high-level concept-design stage costing-value (amount) to cap and rehabilitate the landfill sites at the end of the current Financial Year. Their independence from management is monitored. The firm is a member and fully subscribes to the Constitution and code of conduct of the Council of Engineers of South Africa.

Based on the work provided by JG Afrika, an applicable inflation rate of 5.3%-5.5% has been determined and a discounted rate of 6.74% has been utilised.

The funding required by the municipality to fund the rehabilitation has been assessed and based on the cost of, loss of revenue from investments per the rates as disclosed in note 46.6. The municipality assessed the effect of discounting coupled with the future inflation rate to approximate the current cost of the expected rehabilitation cost as disclosed above.

7.2 Provision for long service awards

Provision for Long Service Awards	39,286,000	34,108,000
	39,286,000	**34,108,000**
Less: Transfer to Current Provisions	(3,440,000)	(2,846,000)
Total Non-current Provisions	**35,846,000**	**31,262,000**

Long Service Awards

The municipality operates a funded defined benefit plan for all its employees. Under the plan, a Long-service Award is payable after 10 years of continuous service and every 5 years thereafter to employees. The provision is an estimate of the long-service based on historical staff turnover. No other long-service benefits are provided to employees.

The most recent actuarial valuations of plan assets and the present value of the defined benefit obligation were carried out at 30 June 2018 by Mr Niel Fourie and Mr Julian van der Spuy of ZAQEN Actuaries Pty (Ltd). The present value of the defined benefit obligation, and the related current service cost and past service cost, were measured using the Projected Unit Credit Method.

At year end, 1,792 employees were eligible for Long-services Awards.

The principal assumptions used for the purposes of the actuarial valuations were as follow:

Discount Rate	Yield curve	Yield curve
CPI (Consumer Price Inflation)	Difference between nominal and yield curve	Difference between nominal and yield curve
Normal Salary Increase Rate	CPI+1%	CPI+1%
Net Effective Discount Rate	Yield curve based	Yield curve based

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GRAP 25 defines the determination of the Discount rate assumption to be used as follow:
"The discount rate that reflects the time value of money is best approximated by reference to market yields at the reporting date on government bonds. Where there is no deep market in government bonds with a sufficiently long maturity to match the estimated maturity of all the benefit payments, an entity uses current market rates of the appropriate term to discount shorter term payments, and estimates the discount rate for longer maturities by extrapolating current market rates along the yield curve."

The Actuaries used the nominal and real zero curves as at 29 June 2018 supplied by the JSE to determine the discount rates and CPI assumptions at each relevant time period. In the event that the valuation is performed prior to the effective valuation date, they used the prevailing yield at the time of performing their calculations. The methodology was changed from a point estimate to that of a curve in order to present a more accurate depiction of the liability. Previously only one discount rate was used to value all the liabilities. This changed methodology would be seen as a change in estimate basis.

	2018 R	Restated 2017 R
The amounts recognised in the Statement of Financial Position are as follow:		
Fair value of plan assets	0	0
Present value of unfunded obligations	39,286,000	34,108,000
Total Benefit Provision	**39,286,000**	**34,108,000**
The amounts recognised in the Statement of Financial Performance are as follow:		
Current service cost	2,462,000	2,454,000
Interest cost	3,471,000	3,382,000
Actuarial Losses / (gains) recognised	2,131,814	(2,958,656)
Total expense included in Employee Related Costs (Note 30)	**8,064,814**	**2,877,344**
Movements in the present value of the Defined Benefit Obligation were as follow:		
Balance at the beginning of the year	34,108,000	34,257,000
Current service costs	2,462,000	2,454,000
Interest cost	3,471,000	3,382,000
Benefits paid	(2,886,814)	(3,026,344)
Actuarial Losses / (gains) recognised	2,131,814	(2,958,656)
Balance at the end of the year	**39,286,000**	**34,108,000**
Total Current Provisions at end of the year	3,440,000	2,846,000
Total Non-current Provisions at end of the year	35,846,000	31,262,000
Total Provisions at the end of the year	**39,286,000**	**34,108,000**
Movements in the present value of the Defined Benefit Assets were as follow:		
Balance at the beginning of the year	0	0
Contributions from the employer	2,886,814	3,026,344
Benefits paid	(2,886,814)	(3,026,344)
Balance at the end of the year	**0**	**0**
The effect of a 1% movement in the withdrawal rates are as follow on the ensuing years assumptions:	**1% Decrease**	**1% Increase**
Effect on the defined benefit obligation	36,579,000	42,284,000
Effect on the aggregate of the interest cost	3,618,000	4,208,000
Effect on the aggregate of the current service cost	2,580,000	3,069,000
	-20% Withdrawal rate	**+20% Withdrawal rate**
The effect of a 20% movement in the withdrawal rates are as follow on the ensuing years assumptions:		
Effect on the defined benefit obligation	41,291,000	37,478,000
Effect on the aggregate of the interest cost	4,108,000	3,709,000
Effect on the aggregate of the current service cost	3,039,000	2,613,000

The municipality expects to make a contribution of R3,440,000 to the defined benefit plan during the next financial year.

The Future-service Cost for the ensuing year is estimated to be R2,826,000 whereas the Interest Cost for the year after is estimated to be R3,899,000.

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	2018 R	Restated 2017 R
7.3 Provision for bonuses		
Provision for bonuses are reconciled as follow:	15,233,132	12,932,103
The movement in Provisions are reconciled as follow:		
Provision for bonuses		
Balance at beginning of year	12,932,103	12,052,180
Net movement	2,301,029	879,923
Balance at the end of the year	15,233,132	12,932,103
Balance of Current Provisions for Bonuses at beginning of year	12,932,103	12,052,180
Balance of Current Provisions for Bonuses at end of year	15,233,132	12,932,103

Service bonuses are granted to municipal employees as a 13th cheque. An estimate amount for the provision raised is determined according to the amount accruing to employees up to June from their previous bonus payment.

7.4 Provision for performance bonuses

Provision has been made for performance bonuses in accordance with the performance agreements with each Executive Manager and the Municipal Manager using the best estimate of the potential performance bonus payable. The actual bonuses will only be paid once the evaluation committee appointed in terms of the Performance Management regulations has reviewed the performance agreements of the Executive Management team and made a recommendation to the Council for final approval. This process will be performed once the draft annual report for the 2017/18 year has been submitted to Council in January 2019. The performance bonuses have been provided as follow:

Strategic Management Team		
Leibbrandt JH (City Manager)	225,617	71,016
Carstens J (Chief Financial Officer)	184,441	206,778
Boshoff GBF (Executive Director: Community Services)	221,841	209,481
De Beer AME (Executive Director: Corporate Services) (Until 30 April 2017)	0	177,750
Johaar, S (Executive Director: Corporate Services) (From 1 May 2017)	184,441	29,028
Louw J (Executive Director: Engineering Services) (Until 30 April 2017)	0	174,568
Hattingh D (Executive Director: Engineering Services) (From 1 May 2017)	184,441	29,028
Waring L (Executive Director: Planning and Development)	212,092	200,275
	1,212,873	1,097,923
The movement in Provisions are reconciled as follow:		
Provision for performance bonuses		
Balance at beginning of year	1,250,281	1,078,593
Bonuses paid	(450,027)	(760,004)
Reversal of prior year provision	(584,415)	(166,231)
Increase in provision	1,212,873	1,097,923
Balance at the end of the year	1,428,712	1,250,281
Balance of Current Provisions for performance bonuses at beginning of year	1,250,281	1,078,593
Balance of Current Provisions for performance bonuses at end of year	1,428,712	1,250,281

Included in the balance of the provision is an amount of R215,839 (2017: R152,357) pertaining to the 2015/16 and 2016/17 performance evaluation that has not yet been paid to Ms AME De Beer as at 30 June 2018.

8. *CONSUMER DEPOSITS*

Electricity and Water	39,819,252	37,806,852

Guarantees held in lieu of Electricity and Water Deposits
Guarantees held in lieu of Electricity and Water Deposits were R 19,018,364 (2017: R 17,669,222)

Consumer Deposits are paid by consumers on application for new water and electricity connections. The deposits are repaid when the water and electricity connections are terminated. In cases where consumers default on their accounts, the municipality can utilise the deposit as payment for the outstanding account.

No interest is paid on Consumer Deposits held.

The management of the municipality is of the opinion that the carrying value of Consumer Deposits approximate their fair values.

The fair value of Consumer Deposits was determined after considering the standard terms and conditions of agreements entered into between the municipality and its consumers.

9. *TRADE AND OTHER PAYABLES FROM EXCHANGE TRANSACTIONS*

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	2018 R	Restated 2017 R
Trade Creditors	137,821,541	113,258,407
Staff Leave provision	34,377,837	29,082,946
Payments received in advance	47,336,062	28,530,792
Other creditors	103,152,521	60,749,244
Rental Leases Expenditure : Straight lining	72,845	85,025
Nett VAT accrual on outstanding receivables	**30,080,470**	**24,431,176**
VAT accrual on receivables	43,631,027	34,651,900
VAT on provision for doubtful debt	(13,550,557)	(10,220,725)
Total Creditors	**352,841,277**	**256,137,590**

The average credit period on purchases is 30 days from the receipt of the statement, as determined by the MFMA. No interest is charged for the first 30 days from the date of receipt of the invoice. Thereafter interest is charged in accordance with the credit policies of the various individual creditors that the municipality deals with. The municipality has financial risk policies in place to ensure that all payables are paid within the credit time frame.

The management of the municipality is of the opinion that the carrying value of Creditors approximate their fair values.

The fair value of Creditors was determined after considering the standard terms and conditions of agreements entered into between the municipality and other parties.

The total liability in respect of leave amounts to R 34,377,837 (2017: R 29,082,946) as at 30 June 2018, the full amount is provided for.

The VAT accrual on outstanding receivables, refers to the VAT portion of outstanding receivables, which is not yet payable to SARS, as the Municipality is registered on the payments basis for VAT with SARS, in accordance with Section 15(2)(a) of the Value-Added Tax Act No 89 of 1991.

Payables from exchange transactions has been restated according to GRAP 3. Refer to Note 40 on *"Restatement of Prior Year Figures and Adjustments"* for details of the restatement.

10. UNSPENT CONDITIONAL GRANTS AND RECEIPTS

Conditional Grants from other spheres of Government	**84,051,261**	**50,601,266**
National Government (Unconditional Grants)	0	0
National Government (Conditional Grants)	162	1,329,391
Provincial Government (Conditional Grants)	55,971,506	30,922,425
Other Grants	2,782,226	3,464,185
Guarantees and Donations (Unconditional)	25,297,366	14,885,266
Total Conditional Grants and Receipts	**84,051,261**	**50,601,266**

These amounts are separately invested in terms of section 12 of the MFMA. Refer note 28 for more detail of grants from National and Provincial Government.

Refer to Appendix "C" for more detail on Conditional Grants.

Unspent Conditional Grants and Receipts has been restated according to GRAP 3. Refer to Note 40 on "*Restatement of Prior Year Figures and Adjustments*" for details of the restatement.

11. PROPERTY, PLANT AND EQUIPMENT

Balance as at 30 June 2018	**Cost** R	**Accumulated Depreciation and Impairment** R	**Carrying Value** R
Land	949,918,915	0	949,918,915
Buildings, structures and facilities	1,053,367,583	(66,362,603)	987,004,980
Infrastructure	6,637,241,338	(2,942,029,399)	3,695,211,939
Other Assets	331,456,741	(189,005,462)	142,451,279
Capital Spares	7,783,691	0	7,783,691
Total Property, Plant and Equipment	**8,979,768,268**	**(3,197,397,464)**	**5,782,370,804**

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	Cost	2018 R Accumulated Depreciation and Impairment	Restated 2017 R Carrying Value
Restated balance as at 30 June 2017	R	R	R
Land	828,049,994	0	828,049,994
Buildings, structures and facilities	874,692,463	(148,362,164)	726,330,299
Infrastructure	6,052,083,291	(2,824,801,285)	3,227,282,007
Other Assets	289,134,735	(171,940,781)	117,193,954
Capital Spares	6,429,457	0	6,429,457
Total Property, Plant and Equipment	8,050,389,940	(3,145,104,229)	4,905,285,710

Total Property, Plant and Equipment held by the municipality at 30 June 2018 comprised the amounts analysed as above.

Revaluation of all land & buildings in 2017/18 was performed by Mr. C. Botha, an accredited valuator of HCB Valuators.

RECONCILIATION OF CARRYING VALUE OF PROPERTY, PLANT AND EQUIPMENT

	Land	Buildings, structures and facilities	Infrastructure	Other Assets	Capital Spares	Total
Carrying values at 1 July 2017	828,049,994	726,330,299	3,227,282,007	117,193,954	6,429,457	4,905,285,710
Cost and revaluation	828,049,994	848,374,383	5,036,909,961	289,134,735	6,429,457	7,008,898,530
Cost - assets under construction (WIP)	0	26,318,080	1,015,173,330	0	0	1,041,491,410
Accumulated depreciation	0	(148,362,164)	(2,824,801,285)	(171,940,781)	0	(3,145,104,229)
Additions	291,000	58,290,059	65,662,458	42,363,168	0	166,606,685
Work in progress	0	2,794,552	526,399,890	0	0	529,194,442
Revaluation increase	124,713,121	255,305,710	0	0	0	380,018,831
Other changes	0	0	0	0	1,354,234	1,354,234
Depreciation	0	(48,439,062)	(119,881,014)	(16,737,626)	0	(185,057,703)
Impairment	0	0	(3,401,344)	(354,690)	0	(3,756,034)
Carrying value of disposals	(3,135,200)	(7,276,577)	(850,057)	(13,527)	0	(11,275,361)
Cost	(3,135,200)	(7,386,300)	(6,904,301)	(41,162)	0	(17,466,963)
Accumulated Depreciation	0	109,723	6,054,244	27,635	0	6,191,602
Carrying Values at 30 June 2018	949,918,915	987,004,980	3,695,211,939	142,451,279	7,783,691	5,782,370,804
Cost and revaluation	949,918,915	1,040,037,397	5,174,633,806	331,456,741	7,783,691	7,503,830,550
Cost - assets under construction (WIP)	0	13,330,186	1,462,607,532	0	0	1,475,937,718
Accumulated depreciation & Impairment	0	(66,362,603)	(2,942,029,399)	(189,005,462)	0	(3,197,397,464)

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	Land	Buildings, structures and facilities	Infrastructure	Other Assets	2018 R Capital Spares	Restated 2017 R Total
Restated carrying values at 1 July 2016	**812,068,544**	**722,167,600**	**2,879,579,490**	**108,761,064**	**5,223,335**	**4,527,800,032**
Cost and revaluation	812,068,544	826,253,230	4,930,340,006	267,219,988	5,223,335	6,841,105,102
Cost - assets under construction (WIP)	0	4,295,772	653,407,303	0	0	657,703,075
Accumulated depreciation		(108,381,402)	(2,704,167,819)	(158,458,924)	0	(2,971,008,145)
Additions	736,000	29,027,522	106,802,187	22,345,967	0	158,911,676
Work in progress	0	22,022,308	361,533,795	0	0	383,556,103
Transfer from IP	19,850,000	0	0	0	0	19,850,000
Other changes	0	0	0	0	1,206,122	1,206,122
Depreciation	0	(40,851,427)	(120,633,465)	(13,757,346)	0	(175,242,238)
Impairment	0	0	0	(48,796)	0	(48,796)
Carrying value of disposals	(4,604,550)	(6,035,704)	0	(106,935)	0	(10,747,189)
Cost	(4,604,550)	(6,906,369)	0	(431,220)	0	(11,942,139)
Accumulated Depreciation	0	870,665	0	324,285	0	1,194,950
Restated carrying values at 30 June 2017	**828,049,994**	**726,330,299**	**3,227,282,007**	**117,193,954**	**6,429,457**	**4,905,285,710**
Cost and revaluation	828,049,994	848,374,383	5,036,909,961	289,134,735	6,429,457	7,008,898,530
Cost - assets under construction (WIP)	0	26,318,080	1,015,173,330	0	0	1,041,491,410
Accumulated depreciation & Impairment	0	(148,362,164)	(2,824,801,285)	(171,940,781)	0	(3,145,104,229)

Property, Plant and Equipment has been restated according to GRAP 3. Refer to Note 40 on "*Restatement of Prior Year Figures and Adjustments*" for details of the restatement.

11.1 Land and Buildings carried at Fair Value:

Land and Buildings were revalued to fair value during the 2017/18 financial period. The effective date of revaluation was 1 July 2017 and the valuation was performed by registered and independent valuators.

11.2 Assets pledged as security:

No assets have been pledged as security.

11.3 Impairment of Property, Plant and Equipment:

The municipality assessed its items of Property, Plant and Equipment, Intangible assets, Investment property and Heritage assets for any potential impairment losses on assets.

The following impairment losses were recognised during the year:

Other Assets: Vehicles	354,690	48,796
Land and Buildings - on revaluation, where value decreases exceeded credit balances in the revaluation surplus	23,342,977	0
Infrastructure Assets	3,401,344	0
Total impairments recognised	**27,099,011**	**48,796**

No impairments were reversed in the current year, furthermore no impairment losses were recognised on revalued assets directly in the Statement of Net assets.

An impairmentof R3,384,455 was recognised during the financial year related to a power fault leading to the damage of a significant component of the Parys High Voltage Substation.

Impairment losses on the abovementioned assets exist predominantly due to the assets being damaged beyond repair.

11.4 Change in Estimate - Useful Life of Property, Plant and Equipment reviewed:

A review of the useful lives and residual values of items of Property, Plant and Equipment has been performed. The change in the estimated useful life of various assets of the municipality has resulted in a decrease in depreciation of R4,077,317 (2017: R3,440,580).

11.5 Property, plant and equipment in the process of being constructed or developed:

No projects were identified where construction or development has been halted, or that is taking a significantly longer period of time to complete than expected.

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	2018 R	Restated 2017 R

11.6 Repairs and maintenance

Repairs and maintenance per detail asset category and expenditure classifications was as follow:

	2017/18					
Asset Category	Contracted Services	Employee Related Cost	Inventory	Operating Leases	Operational Cost	Grand Total
Buildings, Structures and Facilities	10,945,781	55,751,732	1,408,812	1,081,920	11,228	69,199,473
Infrastructure	66,824,516	89,929,587	731,175	1,291,899	195,154	158,972,331
Other Assets	21,586,555	4,327,038	110,274	-	-	26,023,868
	99,356,852	150,008,356	2,250,262	2,373,819	206,383	254,195,671

	2016/17 - Restated					
Asset Category	Contracted Services	Employee Related Cost	Inventory	Operating Leases	Operational Cost	Grand Total
Buildings, Structures and Facilities	2,959,850	48,298,349	258,694	68,100	-	51,584,993
Infrastructure	46,699,553	73,566,643	1,930,487	1,342,611	231,441	123,770,735
Other Assets	211,146	7,752,124	-	-	-	7,963,270
	49,870,549	129,617,116	2,189,181	1,410,711	231,441	183,318,998

Repairs and maintenance as disclosed above excludes internal transport charges (inter-departmental charges).
The repairs and maintenance note has been restated according to GRAP 3. Refer to Note 40 on "*Restatement of Prior Year Figures and Adjustments*" for details of the restatement.

12. *INTANGIBLE ASSETS*

	Cost R	Accumulated Amortisation R	Carrying Value R
Balance as at 30 June 2018	19,142,698	(14,182,243)	4,960,455
Computer Software and Systems	15,917,587	(11,987,928)	3,929,659
Plans and Designs	1,930,927	(1,501,412)	429,515
Licenses and Rights	1,294,183	(692,903)	601,280
Restated balance as at 30 June 2017	19,192,090	(12,727,841)	6,464,249
Computer Software and Systems	16,149,995	(10,710,778)	5,439,217
Plans and Designs	1,930,927	(1,419,812)	511,115
Licenses and Rights	1,111,168	(597,250)	513,918

The movement in intangible assets are reconciled as follow:

Carrying value at the beginning of the year	6,464,251	6,649,504
Cost	19,192,091	17,948,513
Accumulated amortisation	(12,727,840)	(11,299,009)
Additions resulting from acquisitions	886,125	1,521,220
Amortisation	(1,469,275)	(1,661,209)
Impairment	(884,587)	0
Carrying value of disposal (de-recognition)	(36,058)	(45,265)
Cost	(935,517)	(277,642)
Accumulated Surplus	899,459	232,377
Carrying value at the end of the year	4,960,456	6,464,251
Cost	19,142,699	19,192,091
Accumulated amortisation	(14,182,243)	(12,727,840)

The amortisation expense has been included in the line item "*Depreciation and Amortisation*" in the Statement of Financial Performance (see Note 33). Intangible assets has been restated according to GRAP 3. Refer to Note 40 on "*Restatement of Prior Year Figures and Adjustments*" for details of the restatement.

The amortisation method and useful life of intangible assets is set out in the accounting policy note of intangible assets.

All of the municipality's Intangible Assets are held under freehold interests and no Intangible Assets had been pledged as security for any liabilities of the municipality.

No restrictions apply to any of the Intangible Assets of the municipality.

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	2018 R	Restated 2017 R

13. INVESTMENT PROPERTY

Land and Buildings	44,390,000	40,650,000
	44,390,000	40,650,000

The fair model is applied to Investment property.
Criteria used to distinguish investment property from owner-occupied property and from property held for sale in the ordinary course of business is set out in the accounting policy note of Investment property.

The movement in investment properties are reconciled as follow:

Carrying value at the beginning of the year	40,650,000	57,430,000
Fair value	40,650,000	57,430,000
Fair value adjustment gain	3,740,000	3,070,000
Minus: Transfers from Investment property to PPE	0	(19,850,000)
Carrying value at the end of the year	44,390,000	40,650,000
Fair value	44,390,000	40,650,000

Method of Asset Valuation 2017/18

The date of fair value assessment was on 30 June 2018.

Each property was identified and inspected and fair values adjusted where appropriate. Each of the three main methods (Compare sales method, Capitalization of income approach and Replacement cost minus depreciation valuation) of valuing property was adopted, depending on the specific property.

A register containing the information required by section 63 of the Municipal Management Finance Act is available for inspection at the registered offices of the municipality.

Revaluation of all Investment Property was performed by a Professional Associated Valuer (Reg no. 5601), Erik Marais from Real Direct Property Valuations.

Revenue and Expenditure disclosed in the Statement of Financial Performance include rental revenue earned from Investment Property to the amount of R240,608 (2017: R546,930).

All of the municipality's Investment Property is held under freehold interests and no Investment Property had been pledged as security for any liabilities of the municipality.

There are no restrictions on the realisability of Investment Property or the remittance of revenue and proceeds of disposal.
There are contractual obligations for repairs to certain Investment Properties which are leased out.

Repairs and maintenance
Repairs and maintenance per detail asset category and expenditure classifications was as follow:

	2017/18					
Asset Category	Contracted Services	Employee Related Cost	Inventory	Operating Leases	Operational Cost	Grand Total
Investment property		0	0	0	0	0
	0	0	0	0	0	0

	2016/17					
Asset Category	Contracted Services	Employee Related Cost	Inventory	Operating Leases	Operational Cost	Grand Total
Investment property	56,380	0	0	0	0	56,380
	56,380	0	0	0	0	56,380

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14. HERITAGE ASSETS

	2018 R	Restated 2017 R
At Revaluation amount	40,523,000	26,842,000
At Cost less Accumulated Impairment Losses	700,700	700,700
	41,223,700	27,542,700

The movement in Heritage Assets is reconciled as follow:

	Historical and Natural Significant Land, Buildings and Structures	Works of Art, Regalia and Collections	Total
Carrying values at 30 June 2017	26,842,000	700,700	27,542,700
Cost	0	700,700	700,700
Accumulated Revaluation	26,842,000	0	26,842,000
Movements during the year			
Increases in Revaluations	13,681,000	0	13,681,000
Carrying values at 30 June 2018	40,523,000	700,700	41,223,700
Cost	0	700,700	700,700
Accumulated Revaluation	40,523,000	0	40,523,000

	Historical and Natural Significant Land, Buildings and Structures	Works of Art, Regalia and Collections	Total
Restated carrying values at 1 July 2016	26,842,000	700,700	27,542,700
Cost	0	700,700	700,700
Accumulated Revaluation	26,842,000	0	26,842,000
Restated carrying values at 30 June 2017	26,842,000	700,700	27,542,700
Cost	0	700,700	700,700
Accumulated Revaluation	26,842,000	0	26,842,000

Heritage assets were revalued to fair value during the 2017/18 financial period. The effective date of revaluation was 1 July 2017 and the valuation was performed by registered and independent valuators.

The compare sales method was applied to land (historical sites and conservation areas), where comparable valid sales in a specific area was used, compared to the specific property, and market valuation derived. Due to the nature of historical buildings and monuments, i.e. where there is no comparable property sales, the generally accepted methodology of these was limited to the discounted replacement cost of the physical structures.

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	2018 R	Restated 2017 R

Included in the historical and naturally significant land and building above is amongst others the Paarl Mountain (Paarlberg) and the Paarl Arboretum. Paarl Mountain is particularly known for its mountain or "Paarl Rock". The huge granite rock is formed by three rounded outcrops that make up Paarl Mountain and is the second largest granite outcrop in the world and forms part of the Nature Reserve. The site is a Provincial Heritage Site (SAHRA Nr 9/2/069/0028).

The Paarl Arboretum is situated on the eastern bank of the Berg River, is 2.8 km long and occupies approximately 31 ha. Divided into 6 "continents" a unique feature is that trees and shrubs are grouped according to continents of origin. In excess of 2 600 trees and shrubs, entering some 650 different species can be observed.

The following buildings owned by the Municipality, declared Provincial Heritage sites, have been classified as Heritage assets:
1.De Oude Woning, 214 Main Street, Paarl (SAHRA Nr 9/2/069/0105) dating from the late 1780's.
2.The Old Dutch Reformed Church Parsonage (now the Paarl Museum),Van der Lingen plein, Paarl (SAHRA Nr 9/2/069/0071). The Parsonage was built in 1787.
3.Ouma Granny's House, 37 Fontein Street, Wellington (SAHRA Nr 9/2/106/0012), dating to the Victorian era.
4.Coronation Arch, Victoria Jubilee Park, Church Street, Wellington (SAHRA Nr 9/2/106/0019/1), dating to 1902.

All of the municipality's Heritage Assets are held under freehold interests and no Heritage Assets had been pledged as security for any liabilities of the municipality.

No restrictions apply to any of the Heritage Assets of the municipality.

Repairs and maintenance

Repairs and maintenance per detail asset category and expenditure classifications was as follow:

	2017/18					
Asset Category	Contracted Services	Employee Related Cost	Inventory	Operating Leases	Operational Cost	Grand Total
Heritage Assets	249,056	0	0	0	0	249,056
	249,056	**0**	**0**	**0**	**0**	**249,056**

	2016/17					
Asset Category	Contracted Services	Employee Related Cost	Inventory	Operating Leases	Operational Cost	Grand Total
Heritage Assets	210,433	0	12,500	0	0	222,933
	210,433	**0**	**12,500**	**0**	**0**	**222,933**

15. *NON-CURRENT INVESTMENTS*

Listed		
Eskom stock at fair value	128,762	132,990
Total listed investments	**128,762**	**132,990**
Unlisted		
Bank Deposits		
Other Short-term Deposits	225,106,143	276,777,737
Total unlisted investments	**225,106,143**	**276,777,737**

The fair value of the listed investments is estimated at R 128,762 (2017: R 132,990). Fair value of Eskom stock is determined based on discounted cash flow analysis, at a discounted rate of 8.4650%, (2017: 8.5450%).

Total Listed and Unlisted	**225,234,905**	**276,910,727**
Less: current portion maturing within next twelve months - refer note 21	(225,106,143)	(276,777,737)
Total (non-current)	**128,762**	**132,990**

Listed Shares are investments with a maturity period of more than 12 months and earn fixed interest rates of 13.5% per annum. The investment will mature in three equal tranches on 1 August 2019, 2020 and 2021.

The fair value of Investments was determined after considering the standard terms and conditions of agreements entered into between the municipality and financial institutions.

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	2018 R	Restated 2017 R

16. NON-CURRENT RECEIVABLES FROM EXCHANGE TRANSACTIONS

As at 30 June 2018	Gross Balances R	Impairment Provision R	Net Balances R
Public organisations	77,834	0	77,834
Housing selling scheme loans	2,036,633	(529,388)	1,507,245
	2,114,466	(529,388)	1,585,078
Less: Current Portion transferred to Current Receivables:-			329,048
Public organisations			0
Housing selling scheme loans			329,048
Total Receivables from Exchange Transactions			1,256,030
As at 30 June 2017	R	R	R
Public organisations	77,834	0	77,834
Housing selling scheme loans	2,537,745	(128,207)	2,409,538
	2,615,578	(128,207)	2,487,371
Less: Current Portion transferred to Current Receivables:-			320,176
Public organisations			0
Housing selling scheme loans			320,176
Total Receivables from Exchange Transactions			2,167,195

Public Organisations
Loans to public organisations are granted in terms of the National Housing Policy. The applicable interest rate and loan repayment periods are determined by the National Minister of Housing. At present these loans attract interest at 1% (buildings) and 11% (infrastructure) and are repayable over 30 years.

Housing selling scheme loans
Housing loans are granted to qualifying individuals in terms of the National Housing Policy. These loans attract interest, as determined by the National Minister of Housing, currently 13,5% per annum and are repayable over 20 years.

16.1 Reconciliation of the Provision for Impairment

Balance at beginning of year	128,207	111,265
Net movement	401,181	16,942
Balance at end of year	529,388	128,207

In determining the recoverability of a Long-term Receivable, the municipality considers any change in the credit quality of the receivable from the date credit was initially granted up to the reporting date. The concentration of credit risk is limited due to the customer base being large and unrelated. Accordingly, the management believe that there is no further credit provision required in excess of the Provision for Impairment.

17. INVENTORY

Consumable stores	4,754,185	4,644,325
Maintenance materials	23,089,923	24,276,469
Water	849,011	539,583
Spare parts for Plant & Equipment	376,168	154,887
Plants held for resale	379,194	626,145
Less: Inventory held as spare parts for infrastructure assets	(7,783,690)	(6,429,456)
Total Inventory	21,664,791	23,811,954

No inventories were pledged as security for liabilities.

During the year Inventory to the amount of R 108,344 (2017: R 101,396) was written off due to discrepancies identified during the annual stock count. An amount of R 95,763 (2017: R 118,113) was written off due to valuation of inventory at the lower of cost and NRV in accordance with GRAP 13.

Inventories of R 7,783,690 (2017: R 6,429,456) are held as major spare parts for infrastructure assets and has been transferred to Property, Plant and Equipment.

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	2018	Restated 2017
	R	R

In terms of the Guideline on Accounting for Arrangements Undertaken i.t.o. the National Housing Programme issued by the ASB, although not yet effective, proved that the previously accepted accounting principle of recognising BNG houses in the process of construction or not yet handed over at year end, as housing inventory, was indeed incorrect and thus requires a restatement in terms of GRAP 3. Refer to Note 40 on *"Restatement of Prior Year Figures and Adjustments"* for details of the restatement.

18. VAT

VAT Receivable	48,477,288	38,660,992
Total VAT	**48,477,288**	**38,660,992**

Net VAT receivable. Only once payment is received from debtors is VAT paid over to SARS.

No interest is payable to SARS if the VAT is paid over timeously, but interest for late payments is charged according to the VAT Act. The municipality has financial risk policies in place to ensure that payments are affected before the due date.

Value Added Tax has been restated according to GRAP 3. Refer to Note 40 on *"Restatement of Prior Year Figures and Adjustments"* for details of the restatement.

19. TRADE AND OTHER RECEIVABLES FROM EXCHANGE TRANSACTIONS

Consumer Debtors from exchange transactions	245,597,932	200,252,001
Other Debtors from exchange transactions	7,865,095	6,133,596
Total Receivables from Exchange Transactions	**253,463,027**	**206,385,597**

19.1 Consumer Debtors from exchange transactions

As at 30 June 2018	Gross Balances	Provision for Impairment	Net Balance
Service debtors	350,377,074	(106,696,735)	243,680,339
Trade: Electricity	146,321,652	(11,202,906)	135,118,746
Water	135,594,982	(82,891,896)	52,703,086
Waste Management (solid waste)	41,395,906	(7,876,317)	33,519,588.71
Waste Water Management (sewerage and sanitation)	27,064,534	(4,725,616)	22,338,918
Housing Rental Schemes	8,450,936	(6,741,508)	1,709,429
Housing Selling Schemes	851,493	(643,328)	208,164
Total	**359,679,503**	**(114,081,571)**	**245,597,932**

As at 30 June 2017	Gross Balances	Provision for Impairment	Net Balance
Service debtors	288,632,016	(90,992,015)	197,640,001
Trade: Electricity	144,486,722	(16,503,142)	127,983,580
Water	79,685,926	(33,173,423)	46,512,503
Waste Management (solid waste)	39,887,779	(26,526,438)	13,361,341
Waste Water Management (sewerage and sanitation)	24,571,589	(14,789,012)	9,782,577
Housing Rental Schemes	8,753,220	(6,491,983)	2,261,237
Housing Selling Schemes	967,048	(616,285)	350,763
Total	**298,352,284**	**(98,100,283)**	**200,252,001**

The average credit period for Consumer Debtors is 30 days. No interest is charged on trade receivables for the first 30 days from the date of the invoice. Thereafter penalties of 10% and interest is charged at the prime rate per annum on the outstanding balance. The municipality strictly enforces its approved credit control policy to ensure the recovery of Consumer Debtors.

The management of the municipality is of the opinion that the carrying value of Consumer Debtors approximate their fair values.

The fair value of Consumer Debtors was determined after considering the standard terms and conditions of agreements entered into between the municipality and Consumer Debtors as well as the current payment ratio's of the municipality's Consumer Debtors.

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	2018 R	Restated 2017 R

Analysis of Consumer Debtors Age in Days

As at 30 June 2018	Not due		Past due			
	Current	Current impaired	31 - 60	31 - 60 impaired	61 - 90	61 - 90 impaired
	R	R	R	R	R	R
Electricity	122,835,585	784,147	3,329,875	791,908	1,788,408	800,749
Water	31,637,521	3,650,265	10,769,817	4,811,049	8,618,445	5,687,860
Waste Management	6,170,119	170,391	1,872,669	255,446	1,489,677	319,072
Waste Water Management	5,959,187	125,218	1,331,870	171,561	968,371	213,339
Housing Rental Schemes	433,320	6,877	281,116	28,091	261,580	39,119
Housing Selling Schemes	40,908	9,616	31,640	9,646	25,360	9,793
Total	167,076,640	4,746,514	17,616,987	6,067,701	13,151,841	7,069,932

As at 30 June 2018	Past due				
	91 - 120+	91 - 120+ impaired	*Total*	Total impaired	*Total - Past due but not impaired*
	R	R	R	R	R
Electricity	18,367,785	8,826,102	146,321,652	11,202,906	13,067,309
Water	84,569,198	68,742,722	135,594,982	82,891,896	24,715,830
Waste Management	31,863,440	7,131,408	41,395,906	7,876,317	27,519,861
Waste Water Management	18,805,106	4,215,498	27,064,534	4,725,616	16,504,949
Housing Rental Schemes	7,474,921	6,667,421	8,450,936	6,741,508	1,282,986
Housing Selling Schemes	753,585	614,273	851,493	643,328	176,873
Total	161,834,035	96,197,424	359,679,503	114,081,571	83,267,808

Analysis of Consumer Debtors Age in Days

As at 30 June 2017	Not due		Past due			
	Current	Current impaired	31 - 60	31 - 60 impaired	61 - 90	61 - 90 impaired
	R	R	R	R	R	R
Electricity	118,704,034	2,575,293	4,460,982	2,392,887	1,881,036	955,351
Water	31,208,060	1,200,099	3,918,512	1,525,449	3,015,972	1,207,623
Waste Management	5,355,669	213,228	1,751,832	336,632	1,393,715	277,919
Waste Water Management	4,866,108	178,074	1,134,380	232,907	848,409	176,238
Housing Rental Schemes	490,026	6,624	303,430	42,916	324,525	44,672
Housing Selling Schemes	169,768	7,937	27,156	7,834	21,466	5,119
Total	160,793,665	4,181,255	11,596,292	4,538,625	7,485,123	2,666,922

As at 30 June 2017	Past due				
	91 - 120+	91 - 120+ impaired	*Total*	Total impaired	*Total - Past due but not impaired*
	R	R	R	R	R
Electricity	19,440,670	10,579,611	144,486,722	16,503,142	11,854,839
Water	41,543,383	29,240,252	79,685,926	33,173,423	16,504,543
Waste Management	31,386,562	25,698,659	39,887,779	26,526,438	8,218,899
Waste Water Management	17,722,692	14,201,793	24,571,589	14,789,012	5,094,543
Housing Rental Schemes	7,635,239	6,397,771	8,753,220	6,491,983	1,777,836
Housing Selling Schemes	748,658	595,395	967,048	616,285	188,932
Total	118,477,204	86,713,481	298,352,284	98,100,283	43,639,592

In determining the recoverability of a Consumer Debtor, the municipality considers any change in the credit quality of the Consumer Debtor from the date credit was initially granted up to the reporting date. The concentration of credit risk is limited due to the customer base being large and unrelated. Accordingly, the management believe that there is no further credit provision required in excess of the Allowance for Doubtful Debts.

Included in the Allowance for Doubtful Debts are individually impaired Consumer Debtors with a balance of R805,120 (2017: R763,358) which have been placed under liquidation. The impairment recognised represents the difference between the carrying amount of these Consumer Debtors and the present value of the expected liquidation proceeds. The municipality holds no collateral over these balances.

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	2018 R	Restated 2017 R
19.2 Other Debtors from exchange transactions		
Sundries	20,213,906	14,581,165
Sporting bodies	66	67
Recoverable Loans	729,427	513,714
Less : Provision for Impairment	(13,078,304)	(8,961,349)
Total Other Debtors from exchange transactions	**7,865,095**	**6,133,597**
Reconciliation of Impairment provision		
Balance at beginning of the year	8,961,349	5,228,283
Net movement	4,116,955	3,733,066
Balance at year end	**13,078,304**	**8,961,349**

Trade and other receivables from exchange transactions have been restated according to GRAP 3. Refer to Note 40 on *"Restatement of Prior Year Figures and Adjustments"* for details of the restatement.

20. *RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS*

Consumer Debtors from non-exchange transactions	40,016,122	30,474,451
Other Debtors from non-exchange transactions	50,192,980	40,348,473
Total Receivables from Non-exchange Transactions	**90,209,102**	**70,822,924**

20.1 Consumer Debtors from non-exchange transactions

As at 30 June 2018	Gross Balances	Provision for Impairment	Net Balance
Service debtors	38,648,531	(5,628,517)	33,020,014
Rates	38,648,531	(5,628,517)	33,020,014
Fines	133,491,992	(126,495,884)	6,996,108
Total	**172,140,522**	**(132,124,401)**	**40,016,122**

RESTATED **As at 30 June 2017**	Gross Balances	Provision for Impairment	Net Balance
Service debtors	32,284,583	(4,355,559)	27,929,024
Rates	32,284,583	(4,355,559)	27,929,024
Fines	150,014,742	(147,469,315)	2,545,427
Total	**182,299,325**	**(151,824,874)**	**30,474,451**

Analysis of Consumer Debtors Age in Days

As at 30 June 2018	Not due		Past due			
	Current	Current impaired	31 - 60	31 - 60 impaired	61 - 90	61 - 90 impaired
	R		R		R	
Rates	16,836,747	254,463	2,778,981	262,410	1,409,216	284,485
Fines	8,715,273	6,988,844	12,774,228	10,262,384	7,716,152	5,998,345
Total	**25,552,021**	**7,243,307**	**15,553,210**	**10,524,794**	**9,125,369**	**6,282,830**

	Past due				
	91 - 120+	91 - 120+ impaired	*Total*	Total impaired	*Total - Past due but not impaired*
	R		R		
Rates	17,623,586	4,827,159	38,648,531	5,628,517	16,437,730
Fines	104,286,338	103,246,311	133,491,992	126,495,884	5,269,678
Total	**121,909,923**	**108,073,470**	**172,140,522**	**132,124,401**	**21,707,408**

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	2018 R	Restated 2017 R

Analysis of Consumer Debtors Age in Days

RESTATED As at 30 June 2017	Not due		Past due			
	Current	Current impaired	31 - 60	31 - 60 impaired	61 - 90	61 - 90 impaired
	R		R		R	
Rates	13,810,369	524,281	1,857,736	470,443	1,022,972	251,398
Fines	5,225,728	4,283,566	5,118,881	4,166,547	1,701,230	1,368,690
Total	**19,036,097**	**4,807,847**	**6,976,617**	**4,636,990**	**2,724,202**	**1,620,088**

	Past due				
	91 - 120+	91 - 120+ impaired	*Total*	Total impaired	*Total - Past due but not impaired*
	R		R		
Rates	15,593,506	3,109,437	32,284,583	4,355,559	14,642,936
Fines	137,968,902	137,650,512	150,014,742	147,469,315	1,603,264
Total	**153,562,408**	**140,759,949**	**182,299,325**	**151,824,874**	**16,246,200**

Reconciliation of impairment provision		
Rates receivable		
Balance at beginning of the year	4,355,559	9,945,040
Net movement	1,272,958	(5,589,481)
Balance at year end	**5,628,517**	**4,355,559**
Reconciliation of impairment provision		
Fines receivables		
Balance at beginning of the year	147,469,315	116,662,265
Contributions to Provision for doubtful debt	73,468,280	49,843,599
Impairment of receivables	(94,441,711)	(19,036,549)
Balance at year end	**126,495,884**	**147,469,315**
20.2 Other debtors from non-exchange transactions		
Grants & Subsidies	38,400,651	33,997,945
Recoverable Debtors	11,773,814	6,334,686
Rental Leases : Straight lining	18,516	15,842
Total Other Debtors from non-exchange transactions	**50,192,980**	**40,348,473**

The average credit period for Government Grants and Subsidies is dependent on the Government Department involved and the nature of the claim. No interest is charged on outstanding Government Grants and Subsidies. The subsidies is payable to the municipality due to allocations made in the DORA or based on agreements between the municipality and the relevant departments.

The claims instituted against the municipality's insurance company are supported by valid insurance claims which are claimable in terms of the insurance contract entered into by the municipality. The average waiting period depends on the nature of the claim. No interest is charged on outstanding insurance claims.

The average credit period for Other Debtors is 30 days. No interest is charged for the first 30 days from the date of the invoice. Thereafter interest is charged at the prime rate per annum on the outstanding balance. The municipality strictly enforces its approved credit control policy to ensure the recovery of Other Debtors.

The management of the municipality is of the opinion that the carrying value of Other Debtors approximate their fair values.

The fair value of Other Debtors was determined after considering the standard terms and conditions of agreements entered into between the municipality and National / Provincial Departments as well as Other Debtors. The current payment ratio's of Other Debtors were also taken into account for fair value determination.

The impairment provision was calculated after individually assessing other debtors and by calculating the historical payment ratios and assuming that future payment ratios would be similar to the historical payment ratios.

The provision for doubtful debts on other debtors exist predominantly due to the possibility that these debts will not be recovered were assessed individually for impairment.

In determining the recoverability of a Debtor, the municipality considers any change in the credit quality of the Debtor from the date credit was initially granted up to the reporting date. The concentration of credit risk is limited due to the customer base being large and unrelated. Accordingly, the management believe that there is no further credit provision required in excess of the Allowance for Doubtful Debts.

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	2018 R	Restated 2017 R
Reconciliation of Impairment provision		
Service debtors, rates debtors, other debtors and long-term receivables		
Balance at beginning of the year	111,545,397	113,947,807
Contributions to Provision for doubtful debt	57,967,251	48,527,694
Impairment of receivables	(36,194,868)	(50,930,104)
Balance at 30 June 2018	**133,317,780**	**111,545,397**

Receivables from non-exchange transactions have been restated according to GRAP 3. Refer to Note 40 on *"Restatement of Prior Year Figures and Adjustments"* for details of the restatement.

21. *CASH AND CASH EQUIVALENTS*

The Municipality has the following bank accounts: -

Nedbank Primary Bank Account	14-981-218-61	0	59,406,526
Nedbank Secondary Bank Account	14-981-218-53	0	0
FNB Primary Bank Account	627-023-103-85	60,134,803	4,079
FNB Secondary Bank Account	627-023-123-49	0	0
FNB Traffic Fines Bank Account	620-715-265-14	0	0
		60,134,803	**59,410,605**

At the beginning of 2017/18, the Municipality moved over to First National Bank (FNB), but for continuity reasons still utilised the Nedbank accounts up to the end of December 2017. All account balances are cleared on a daily basis to the main account. The municipality had an overdraft facility of R5 million with Nedbank, but did not utilise it for this financial year. The municipality does not have an overdraft facility with FNB.

Bank statement balance at beginning of year	59,410,605	30,230,322
Bank statement balance at end of year	60,134,803	59,410,605
Cash book balance at beginning of year	**12,490,584**	**5,302,553**
Petty Cash / Float	**24,450**	**12,200**
Bank statement at end of year	60,134,803	59,410,605
Net movement / reconciling items	(56,165,480)	(46,920,021)
Cash book balance at end of year	**3,969,323**	**12,490,584**
Short term investment deposits.	**225,106,143**	**276,777,737**
TOTAL CASH AND CASH EQUIVALENTS	**229,099,916**	**289,280,521**

For the purposes of the Cash Flow Statement, Bank, Cash and Cash Equivalents include Cash-on-Hand, Cash in Banks and Investments less than 12 months.

The management of the municipality is of the opinion that the carrying value of Bank Balances, Cash and Cash Equivalents recorded at amortised cost in the Annual Financial Statements approximate their fair values.

The fair value of Bank Balances, Cash and Cash Equivalents was determined after considering the standard terms and conditions of agreements entered into between the municipality and financial institutions.

INSTITUTION	ACCOUNT NUMBER	ACCOUNT TYPE		
ABSA	92-9096-7912	CALL DEPOSIT	22,042,604	20,357,077
ABSA	92-9214-9948	CALL DEPOSIT	22,440,317	20,251,217
ABSA	92-9416-2871	CALL DEPOSIT	22,198,173	20,980,551
ABSA	92-9735-7532	CALL DEPOSIT	22,270,182	20,090,370
ABSA	92-9737-3681	CALL DEPOSIT	22,286,422	20,098,522
			111,237,698	**101,777,737**
FIRST NATIONAL BANK	747-2328-2667	32 DAY CALL ACCOUNT	1,189,642	0
FIRST NATIONAL BANK	627-5905-4085	CALL DEPOSIT	760,303	0
			1,949,945	**0**
NEDBANK	03-7881536373-052	CALL DEPOSIT	0	25,000,000
			0	**25,000,000**
STANDARD BANK	07 875 830 0 - 035	CALL DEPOSIT	110,238,247	0
STANDARD BANK	07 875 830 0 - 043	CALL DEPOSIT	392,591	150,000,000
STANDARD BANK	07 875 830 0 - 047	CALL DEPOSIT	1,287,663	0
			111,918,501	**150,000,000**
TOTAL INVESTMENTS			**225,106,144**	**276,777,737**

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	2018 R	Restated 2017 R
FINANCING FACILITIES		
Unsecured Bank overdraft		
- Amount used	0	0
- Amount unused	0	5,000,000
	0	5,000,000

22. PROPERTY RATES

Actual		
Residential	207,630,806	176,656,231
Agricultural	45,614,608	54,272,665
Commercial	70,281,830	66,148,178
State	24,250,162	28,375,669
Less : Income forgone rates	(102,260,020)	(100,680,576)
Total Property Rates	245,517,386	224,772,167
Valuation as at June 2018		
Residential	37,760,058,842	27,954,137,340
Agricultural	8,528,593,101	7,567,778,565
Commercial	7,175,028,200	6,188,881,295
State	2,476,904,050	1,725,652,600
Total Property Valuations	55,940,584,193	43,436,449,800

General Valuations on land and buildings are performed every four years. The last general valuation came into effect on 1 July 2017. Supplementary valuations are processed on an annual basis to take into account changes in individual property values due to alterations and subdivisions.

A uniform rate for the same class and type of property was applied with the implementation of the Property Rates Act. A rate on different categories was applied to property valuations to determine assessment rates. Rebates of 50% are applied to pensioners. A discount of 20% was granted to the state institutions.

Rates are levied monthly on property owners and are payable the 15th of each month for monthly rate payers of Drakenstein areas and 30th September for annual payers. Interest is levied at the prime rate on outstanding rates amounts.

23. SERVICE CHARGES

Sale of Electricity	988,802,269	982,657,031
Sale of Water	204,535,986	165,573,102
Waste Management (solid waste)	120,931,290	106,335,063
Waste Water Management (sewerage and sanitation)	101,204,564	84,576,640
Other	42,670	38,743
	1,415,516,779	1,339,180,579
Less: Income forgone	(123,216,298)	(106,240,000)
Total Service Charges	1,292,300,481	1,232,940,579

The amounts disclosed above for revenue from Service Charges are in respect of services rendered which are billed to the consumers on a monthly basis according to approved tariffs.

Service charges have been restated according to GRAP 3. Refer to Note 40 on *"Restatement of Prior Year Figures and Adjustments"* for details of the restatement.

24. SALE OF GOODS AND RENDERING OF SERVICES

Building Plan Approval	4,736,591	5,549,695
Building Plan Clause Levy	535	367,343
Camping Fees	2,012,404	1,895,258
Cemetery and Burial	2,615,652	2,323,073
Cleaning and Removal	550,479	475,428
Computer Services	0	29,231
Entrance Fees	457,767	467,194
Fire Services	4,500	20,368
Legal Fees	1,772	252,144
Membership Fees	23,041	19,265
Photocopies and Faxes	157,621	139,971
Sale of Goods	29,765	29,205
Scrap, Waste & Other Goods	334,107	360,566
	10,924,234	11,928,741

Sale and rendering of services have been restated according to GRAP 3. Refer to Note 40 on *"Restatement of Prior Year Figures and Adjustments"* for details of the restatement.

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	2018 R	Restated 2017 R
25. RENTAL FROM FIXED ASSETS		
Operating Lease Rental Revenue:		
Land & Buildings	1,485,983	1,628,318
Housing Rental	28,828,259	25,807,782
Other Rental Revenue	159,065	84,064
Total Rentals	**30,473,307**	**27,520,164**
26. FINANCE INCOME AND DIVIDENDS		
Interest - external investments	21,649,709	22,063,079
Dividends - stock	15,120	15,120
Interest - outstanding debtors	17,054,921	14,638,632
Total Interest Receivable	**38,719,750**	**36,716,831**
27. FINES, PENALTIES AND FORFEITS		
Building	8,000	8,000
Illegal Connections - Electricity	46,254	67,536
Overdue Books Fine	98,474	99,957
Pound Fees	69,183	0
Traffic	92,716,569	69,434,537
	92,938,480	**69,610,030**

Fines, penalties and forfeits have been restated according to GRAP 3. Refer to Note 40 on *"Restatement of Prior Year Figures and Adjustments"* for details of the restatement.

28. TRANSFERS AND SUBSIDIES		
Grants from Operational	149,790,170	149,517,109
Grants from Capital	158,293,219	74,601,785
	308,083,389	**224,118,894**
Unconditional grants		
Equitable Share	120,821,000	106,240,000
Other	2,014,109	1,753,084
Operational grants	**122,835,109**	**107,993,084**
Conditional grants	**185,248,280**	**116,124,519**
National Government	57,726,228	57,293,110
Provincial Government	127,522,052	58,831,409
Offsetting of Housing Expenditure where Municipality is seen as an agent	(79,200)	(4,890,097)
Total Government Grant and Subsidies	**308,004,189**	**219,227,506**
28.1 National Government (Unconditional Grants)		
Balance unspent	0	0
Current year	(120,821,000)	(106,240,000)
Conditions met - transferred to revenue	120,821,000	106,240,000
Conditions still to be met - transferred to liabilities (refer	(0)	0

In terms of the Constitution, this grant is used to subsidies the provision of basic services to indigent community members. All registered indigents receive a 100% monthly subsidy for the basic charges of Electricity, Refuse Removal, Sewerage and Water Services, the subsidy is adjusted as tariffs increase. All qualifying registered indigent households receive 6 kl water and 100 kWh electricity free every month.

28.2 National Government (Conditional Grants)		
Balance unspent at beginning of year	(1,329,390)	(10,353,500)
Current year receipts	(56,397,000)	(48,269,000)
Conditions met - transferred to revenue	57,726,228	57,293,110
Conditions still to be met - transferred to liabilities (refer note 10)	(162)	(1,329,390)

These grants were used to construct infrastructure assets for the Municipality. Other than the unspent amount, the conditions of the grant have been met.
This grant received from National Government are for operational and capital expenditure projects related to budget reform and implementation of the MFMA . Other than the unspent amount, the conditions of the grant have been met.

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	2018 R	Restated 2017 R
28.3 Provincial Government (Conditional Grants)		
Balance unspent at beginning of year	(30,922,426)	(17,981,365)
Current year receipts	(152,571,132)	(71,772,470)
Conditions met - transferred to revenue	127,522,052	58,831,409
Conditions still to be met - transferred to liabilities (refer note 10)	(55,971,506)	(30,922,426)

These grants received from Provincial Government are for operational and capital expenditure such as the unspent amount, the conditions of the grant have been met.

Revenue from Housing Grants and the related housing operating expenditure where Drakenstein Municipality is regarded as an agent in terms of GRAP amounted to R 79,200 (2017 R 4,890,102). In terms of a GRAP interpretation, where a municipality is regarded as an agent, the revenue should be set off against the operating expenditure.

28.4 Other Grants		
Balance unspent at beginning of year	(3,464,178)	(3,868,594)
Current year receipts	(1,332,157)	(1,348,668)
Conditions met - transferred to revenue	2,014,109	1,753,084
Conditions still to be met - transferred to liabilities (refer note 10)	(2,782,226)	(3,464,178)

These grants received from other institutions are for operational and capital expenditure projects. Other than the unspent amount, the conditions of the grant have been met. No funds have been withheld.

28.5 Guarantees and Donations		
Balance unspent at beginning of year	(14,885,246)	(11,741,537)
Current year receipts	(14,662,807)	(3,273,573)
Conditions met - transferred to revenue	4,250,712	129,864
Conditions still to be met - transferred to liabilities (refer note 10)	(25,297,340)	(14,885,246)

These grants received from other institutions are for operational and capital expenditure projects. Other than the unspent amount, the conditions of the grant have been met. No funds have been withheld.

29. *OPERATIONAL REVENUE*

Revenue from exchange transactions		
Administrative Handling Fees	2,870,036	3,869,191
Commission	240,999	236,712
Request for Information	8,635	6,012
Insurance Refund	6,382	1,974,673
Merchandising, Jobbing and Contracts	568,960	451,252
	3,695,012	6,537,840
Revenue from non-exchange transactions		
Goods and services received in kind	7,825,306	440,748
	7,825,306	440,748

Services received in kind

During the financial year, the municipality received the following services in kind, that was recognised in terms of GRAP 23.

The Western Cape Provincial Treasury, seconded two employees for a period of four months during the 2017/18 financial year to the Municipality. The fair value of the services received equates to R116,771.

Included in goods and services in kind, is an amount of R7,708,536 related to interest payable on an external loan that was waived by DBSA as a grant from the IIPSAS fund was received by the DBSA (the lender). This grant covered a part of the interest payable on the loan received from the DBSA during the 2017/2018 year. In terms of GRAP 23, where lenders waive their right to collect a debt owed by an entity, revenue arising from debt forgiveness is measured at the carrying amount of the debt forgiven.

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30. EMPLOYEE RELATED COSTS

	2018 R	Restated 2017 R
Salaries and Wages	**374,345,318**	**318,688,655**
Salaries	374,345,318	318,688,655
Other Allowances and contributions	**169,634,468**	**140,820,350**
Social contributions - UIF, pensions and medical aid etc.	79,982,268	69,533,909
Travel, motor car, accommodation, subsistence and other allowances	19,426,054	14,229,529
Housing benefits and allowances	5,801,042	5,665,485
Overtime payments	36,635,911	28,095,812
Acting Allowance	1,807,657	1,141,412
Shift Allowance	1,784,874	1,660,671
Standby Allowance	9,786,264	8,440,995
Night Shift Allowance	2,266,488	1,959,299
Cell Allowance	1,488,998	1,011,552
Workmens Compensation	2,632,679	2,199,757
Contribution to leave reserve	7,393,775	5,950,236
Provision for performance bonuses	628,458	931,693
Defined Benefit Plan Expense: Post Employment Health Care Benefits	**15,351,479**	**675,270**
Current Service	3,440,000	3,092,000
Loss on actuarial valuations	39,479	0
(Gains) on actuarial valuations	0	(14,741,730)
Interest Cost	11,872,000	12,325,000
Defined Benefit Plan Expense: Ex Gratia Pension Benefits	**72,236**	**(610,260)**
(Gains) on actuarial valuations	(151,764)	(885,260)
Interest Cost	224,000	275,000
Defined Benefit Plan Expense: Long Service Awards	**8,064,814**	**2,877,344**
Current Service Cost	2,462,000	2,454,000
Loss on actuarial valuations	2,131,814	0
(Gains) on actuarial valuations	0	(2,958,656)
Interest Cost	3,471,000	3,382,000
Total Employee Related Costs	**567,468,315**	**462,451,359**

Employee cost has been restated according to GRAP 3. Refer to Note 40 on *"Restatement of Prior Year Figures and Adjustments"* for details of the restatement.

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	2018 R	Restated 2017 R

Remuneration of Executives

	Total R	Annual Salary R	Structured Bonus R	Re Imbursive Traveling R	Acting Allowance R	Car Allowance R	Performance Bonus R	Medical Contributions R	Backpay R	Leave R	Social Contribution R	Subsistance	UIF R	Cell Allowance R	Unpaid Hours	Group Insurance R	Structured Non-Pensionable Allowance R
2018																	
Leibbrandt JH *(City Manager)*	1,968,655	1,221,770	0	2,674	0	144,000	50,726	51,899	203,374	0	246,581	0	1,785	30,452	0	15,394	0
Carstens J *(Chief Financial Officer)*	1,667,579	1,008,486	0	0	0	97,874	147,698	46,452	154,640	0	209,363	1,282	1,785	0	0	0	0
Johaar S *(Executive Director: Corporate Services)*	1,538,129	701,596	0	0	0	0	0	0	151,434	0	153,545	0	1,785	23,313	0	8,840	497,616
Hattingh D *(Executive Director: Engineering Services)*	1,552,254	1,334,339	0	0	0	0	0	0	180,601	0	0	0	1,785	35,528	0	0	0
Boshoff GBF *(Executive Director: Community Services)*	1,683,438	1,518,891	0	0	0	60,000	74,815	0	27,532	0	0	416	1,785	0	0	0	0
Waring LA *(Executive Director: Planning and Development)*	1,640,944	1,233,000	0	0	0	60,000	114,443	0	0	0	221,940	0	1,785	27,198	(17,422)	0	0
Delany D *(Acting Executive Director: Planning and Development)*	9,929	0	0	0	9,929	0	0	0	0	0	0	0	0	0	0	0	0
Keketsi N *(Acting Chief Financial Officer)*	6,873	0	0	0	6,873	0	0	0	0	0	0	0	0	0	0	0	0
	10,067,801	7,018,081	0	2,674	16,802	361,874	387,681	98,351	717,581	0	831,429	1,698	10,709	116,491	(17,422)	24,234	497,616

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	2018 R	Restated 2017 R

Remuneration of Executives 2017	Total R	Annual Salary R	Structured Bonus R	Re Imbursive Traveling R	Acting Allowance R	Car Allowance R	Performance Bonus R	Medical Contributions R	Backpay R	Leave R	Social Contribution R	Subsistence	UIF R	Cell Allowance R	Unpaid Hours R	Group Insurance R	Structured Non-Pensionable Allowance R
Leibbrandt JH (Municipal Manager)	518,001	369,976	0	0	0	48,000	0	0	0	0	89,279	0	595	10,151	0	0	0
Mettler JF (Municipal Manager)	121,115	0	0	0	0	0	120,966	0	0	0	0	0	149	0	0	0	0
Carstens J (Acting Municipal Manager)	103,890	0	0	0	103,890	0	0 0	0	0	0	0	0	0	0	0	0	0
Carstens J (Chief Financial Officer)	1,676,831	1,128,575	0	0	0	98,812	198,064	0	0	0	249,595	0	1,785	0	0	0	0
Lategan C (Acting Chief Financial Officer)	134,428	0	0	0	134,428	0	0	0	0	0	0	0	0	0	0	0	0
Keketsi N (Acting Chief Financial Officer)	8,449	0	0	0	8,449	0	0	0	0	0	0	0	0	0	0	0	0
De Beer AME (Executive Manager: Corporate Services)	1,271,129	1,153,642	0	0	0	116,000	0	0	0	0	0	0	1,487	0	0	0	0
Johaar S (Executive Manager Corporate Services)	211,523	104,313	0	0	0	0	0	0	0	0	20,091	0	297	3,885	0	0	82,937
Adam AM (Executive Manager: Planning and Economic Development)	96,975	0	0	0	0	0	96,826	0	0	0	0	0	149	0	0	0	0
Louw J (Executive Manager: Infrastructure Services)	1,600,558	1,221,913	0	0	0	25,000	194,518	0	0	140,171	0	0	1,487	17,469	0	0	0
Hatting D (Executive Manager: Infrastructure Services)	207,637	207,340	0	0	0	0	0	0	0	0	0	0	297	0	0	0	0
Boshoff GBF (Executive Manager: Social Services)	1,647,710	1,341,267	95,028	0	0	60,000	149,630	0	0	0	0	0	1,785	0	0	0	0
Waring LA (Executive Manager : Planning and Economic Development)	1,435,386	1,266,005	0	3,073	0	60,000	0	0	0	0	104,533	0	1,785	0	0	0	0
Waring LA (Executive Manager : Planning and Economic Development)	46,702	0	0	0	46,702	0	0	0	0	0	0	0	0	0	0	0	0
Strijdom H (Acting Executive Manager: Planning and Economic Development)	69,746	0	0	0	69,746	0	0	0	0	0	0	0	0	0	0	0	0
	9,350,090	6,793,031	95,028	3,073	363,215	407,812	760,004	0	0	140,171	463,498	0	9,816	31,505	0	0	82,937

The Remuneration of Executives as disclosed above refer to the actual amounts paid to them during the 2017/18 and 2016/17 years respectively.
Where other officials acted in the Executive Director positions and was remunerated accordingly, only the additional remuneration for acting in that position is disclosed.

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	2018 R	Restated 2017 R
31. *COUNCILLOR RELATED COSTS*		
Executive Mayor (Poole CJ)	1,000,408	942,222
Deputy Executive Mayor (Combrink GC)	811,966	759,562
Speaker (Le Roux JF)	0	63,748
Speaker (Stowman AC)	806,806	692,757
Chief Whip (Koegelenberg RA)	757,007	707,483
Mayoral Committee Members	7,553,556	7,105,611
Councillors	17,132,423	16,071,855
Total Councillors Remuneration	**28,062,166**	**26,343,238**

In Kind Benefits

The Executive Mayor, Deputy Executive Mayor, Speaker, and Mayoral Committee members are employed full-time. Each is provided with an office, administrative and secretarial support at the cost of the Council.

The Executive Mayor and Deputy Mayor and other full-time Mayoral Committee members have access to Council owned vehicles for ceremonial and official functions.

Councillors receive the benefit of special risk insurance cover (SASRIA) as provided for in terms of the upper limits of the salaries, allowances and benefits of the different members of municipal councils, as determined by the Minister of Cooperative Governance and Traditional Affairs in accordance with the Remuneration of Public Office Bearers Act, 1998. This insurance cover, should cover the loss of or damage to a councillor's personal immovable or moveable property and assets, excluding property used by such councillor for business purposes, as well as life and disability cover, for any loss or damage caused by riot, civil unrest, strike or public disorder.

32. *IMPAIRMENT LOSSES ON FINANCIAL ASSETS*		
Bad Debts		
Contribution to Impairment Provision	128,105,610	105,200,796
Contribution from Impairment provision	(130,107,191)	(69,570,503)
Contribution to housing development fund	0	151,241
Bad debts written-off	130,636,579	69,570,503
	128,634,998	**105,352,037**

33. *DEPRECIATION AND AMORTISATION*		
Depreciation: Property, Plant and Equipment	185,055,555	173,642,669
Amortisation: Intangible Assets	1,471,423	1,661,209
Total Depreciation and Amortisation	**186,526,978**	**175,303,878**

Depreciation and amortisation have been restated according to GRAP 3. Refer to Note 40 on *"Prior Period Adjustments"* for details of the restatement.

34. *IMPAIRMENT LOSSES ON PPE, IA, IP AND HA*		
Impairment Losses on Fixed Assets Recognised:	**27,983,597**	**48,796**
Property, Plant and Equipment	27,099,010	48,796
Intangible assets	884,587	0
Total Impairment Losses	**27,983,597**	**48,796**

Impairment losses includes an amount totalling R23,342,976 (2017: R0), which is due to the revaluation of land and buildings during 2017/18. In terms of GRAP 17, if the carrying amount of an asset is decreased as a result of a revaluation, the decrease shall be recognised in surplus or deficit, to the extent that there is not a credit balance existing in the revaluation surplus in respect of that asset.

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	2018 R	Restated 2017 R
35. INTEREST PAID		
Long-term liabilities	124,284,561	93,563,673
Finance leases	456,616	425,971
Interest on External Borrowings - exchange transactions	**124,741,177**	**93,989,644**
Interest on long-term liabilities - non-exchange transaction	7,708,535	0
Total Interest on external borrowings	**132,449,712**	**93,989,644**

The weighted average capitalisation rate on funds borrowed generally is 9.80% per annum (2017: 9.62% per annum).

The interest on long-term liabilities - non-exchange transaction, refers to interest to an amount of R7,708,536 that was waived by DBSA as a grant from the IIPSAS fund was received by the DBSA (the lender), this grant covered a part of the interest payable on the loan received from the DBSA during the 2017/2018 year. In terms of GRAP 23, where lenders waive their right to collect a debt owed by an entity, revenue arising from debt forgiveness is measured at the carrying amount of the debt forgiven. For purposes of ratio analysis where interest is used, this line-item is to be disregarded as the physical payment of the interest was not done.

36. BULK PURCHASES		
Electricity	632,000,521	635,415,938
Water	2,738,869	23,369,899
Total Bulk Purchases	**634,739,390**	**658,785,837**

Bulk Purchases are the cost of commodities not generated by the municipality, which the municipality distributes in the municipal area for resale to the consumers. Electricity is purchased from Eskom whilst water is purchased from the City of Cape Town.
The drought in the Drakenstein region has led to water restrictions, lower consumptions and a decrease in the bulk purchases of water.
Bulk purchases have been restated according to GRAP 3. Refer to Note 40 on *"Restatement of Prior Year Figures and Adjustments"* for details of the restatement.

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37. *CONTRACTED SERVICES*

	2018 R	Restated 2017 R
Consultants and Professional Services		
Business and Advisory	28,434,487	38,228,500
Valuer	52,000	0
Infrastructure and Planning	17,580,646	17,323,459
Legal Cost	4,466,240	6,561,741
Contractors		
Aerial Photography	194,183	0
Auctioneers	14,000	0
Catering Services	1,287,958	174,080
Electrical	52,020	133,378
Employee Wellness	427,605	270,109
Fire Protection	10,642	0
Fire Services	319,789	20,115
Gardening Services	490,086	370,023
Haulage	172,675	0
Housing Project Expenditure	5,326,162	11,723,621
Litter Picking & Street Cleaning	125,500	0
Maintenance of Buildings and Facilities	10,938,795	11,265,844
Maintenance of Equipment	21,605,058	20,828,622
Maintenance of Unspecified Assets	48,829,981	32,973,844
Management of Informal Settlements	1,169,345	1,148,251
Medical Services	263,395	117,386
Pest Control and Fumigation	350,221	389,648
Preservation/Restoration/Dismantling/Cleaning Services	2,589,709	2,357,732
Removal of Hazardous Waste	209,752	44,245
Safeguard and Security	23,640,801	18,347,193
Sewerage Services	417,927	0
Sports and Recreation	627,799	224,581
Traffic and Street Lights	2,550,807	1,927,320
Transportation	14,352	2,429
Outsourced Services		
Animal Care	187,016	173,530
Burial Services	249,965	239,187
Clearing and Grass Cutting Services	3,492,459	3,190,751
Hygiene Services	110,808	89,438
Meter Management	720,692	434,035
Refuse removal	506,187	1,264,218
Traffic Fines Management	3,022,284	5,562,484
Translators, Scribes and Editors	117,408	173,665
	180,568,754	175,559,425

Contracted services have been restated according to GRAP 3. Refer to Note 40 on *"Restatement of Prior Year Figures and Adjustments"* for details of the restatement.

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38. *OPERATIONAL COST*

	2018 R	Restated 2017 R
Achievements and Awards	41,061	8,000
Advertising, Publicity and Marketing	6,117,076	2,958,638
Assets less than the Capitalisation Threshold	36,742	12,103
Bank Charges, Facility and Card Fees	5,156,413	5,903,162
Bursaries (Employees)	244,598	182,212
Catering Municipal Activities	0	186,000
Cleaning Services	2,660	0
Commission	8,744,199	6,548,269
Communication	6,962,133	8,011,889
Deeds	522,863	132,363
Drivers Licences and Permits	10,060	20,950
Entertainment	206,537	246,974
External Audit Fees	6,614,280	5,339,205
External Computer Service	7,970,503	6,335,862
Insurance Underwriting	4,595,706	3,398,224
Licences	1,844,184	1,858,952
Management Fee	213,124	151,957
Municipal Services	72,644	2,275,216
Printing. Publications and Books	2,264,065	2,709,360
Professional Bodies, Membership and Subscription	5,747,569	5,117,741
Provision for the rehabilitation of landfill	15,710,432	(5,491,603)
Registration Fees	644,085	894,184
Remuneration to Ward Committees	695,863	804,034
Resettlement Cost	23,748	0
Servitudes and Land Surveys	38,629	1,600
Signage	305,456	217,223
Skills Development Fund Levy	4,680,683	3,895,930
Travel and Subsistence	870,195	574,420
Uniform and Protective Clothing	2,395,708	2,096,268
	82,731,216	54,389,133

Operational cost have been restated according to GRAP 3. Refer to Note 40 on *"Restatement of Prior Year Figures and Adjustments"* for details of the restatement.

39. *CASH GENERATED BY OPERATIONS*

Surplus/(Deficit) for the year	6,764,489	35,420,716
Adjustment for :-	182,356,659	178,150,041
- Depreciation and amortisation	186,526,978	175,303,878
- Housing Development Fund	(202,428)	3,064,577
- Provision for landfill rehab - iGRAP2 adjustment	(15,609,813)	0
- Impairment Losses	27,983,597	48,796
- Fair Value adjustments	(3,740,000)	(3,070,000)
- Assets from capital grant in-kind	(23,626,324)	0
- Gain on assets from non exchange transactions	(291,000)	(7,993,136)
- Fair Value adjustments on Listed stock	4,228	3,472
- (Gain)/Losses on disposal of property, plant and equipment	11,311,420	10,792,454
Operating surplus before working capital changes:	**189,121,148**	**213,570,757**
(Increase)/Decrease in inventories	792,929	(6,522,425)
(Increase)/Decrease in receivables from exchange transactions	(47,074,668)	(7,777,219)
(Increase)/Decrease in Long Term Receivables	(8,872)	29,733
Decrease /(Increase) in receivables from non-exchange transactions	(19,386,177)	(499,781)
Decrease /(Increase) in Post retirement benefits and Long services	6,103,999	(8,551,000)
(Decrease/Increase in other provisions	29,290,365	(5,895,955)
(Decrease)/Increase in unspent conditional grants and receipts	33,449,995	6,654,941
Increase/(Decrease) in creditors	96,703,687	37,511,846
Decrease/(Increase) in VAT(net)	(9,816,297)	(21,276,545)
Cash generated by operations	**279,176,109**	**207,244,350**

Cash Generated by operations have been restated according to GRAP 3. Refer to Note 40 on *"Restatement of Prior Year Figures and Adjustments"* for details of the restatement.

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	2018 R	Restated 2017 R

40. RESTATEMENT OF PRIOR YEAR FIGURES AND ADJUSTMENTS

The following restatements and adjustments occurred which are set out below:

a) Reclassifications

i) Adjustment of statement of financial performance items	**PREVIOUSLY REPORTED**	**RECLAS-SIFICATION**	**RECLASSIFIED AMOUNT**
REVENUE			
Revenue from exchange transactions			
Service charges	1,256,863,907	0	1,256,863,907
Sale of Good and Rendering of Services	12,115,073	0	12,115,073
Rental from Fixed Asset	27,518,658	0	27,518,658
Finance Income	36,716,831	0	36,716,831
Operational Revenue (Exchange)	19,869,275	0	19,869,275
Revenue from non-exchange transactions			
Property rates	224,772,167	0	224,772,167
Surcharges and Taxes	1,356,616	0	1,356,616
Fines, Penalties and Forfeits	66,815,216	0	66,815,216
Licences and permits	17,333,829	0	17,333,829
Transfers and Subsidies	219,228,804	0	219,228,804
Operational Revenue (Non-Exchange)	440,748	0	440,748
Total Revenue	1,883,031,124	0	1,883,031,124
EXPENDITURE			
Employee Related Costs	458,902,739	0	458,902,739
Councillor Related Cost	26,343,238	0	26,343,238
Depreciation and Amortisation	176,925,836	0	176,925,836
Operating Leases	15,774,551	0	15,774,551
Interest paid	93,989,644	0	93,989,644
Bulk Purchases: Water	23,623,213	0	23,623,213
Bulk Purchases: Electricity	635,415,938	0	635,415,938
Contracted services	163,232,959	11,723,621	174,956,580
Inventory expense	37,939,284	0	37,939,284
Transfers and Subsidies: Operational Expenditure	5,488,776	0	5,488,776
Operational Cost	62,135,054	(11,723,621)	50,411,433
Total Expenditure	1,699,771,232	0	1,699,771,232
GAINS AND LOSSES			
Impairment of Financial assets	102,784,454	0	102,784,454
Impairment losses on PPE, IA, IP & HA	48,796	0	48,796
(Gains)/losses on disposal of PPE, IA, IP & HA	10,792,454	0	10,792,454
Fair value adjustments Financial Assets	3,472	0	3,472
Fair value adjustments Investment Property	(3,070,000)	0	(3,070,000)
(Gains)/losses on Inventory	345,878	0	345,878
Gains from assets from non exchange transactions	(7,993,136)	0	(7,993,136)
	102,911,918	0	102,911,918
Surplus / (Deficit) from continued operations	80,347,974	0	80,347,974

ii) Adjustment of statement of financial position	**PREVIOUSLY REPORTED**	**RECLAS-SIFICATION**	**RECLASSIFIED AMOUNT**
ASSETS			
Non-current assets	5,049,816,268	1	5,049,816,268
Property, plant and equipment	4,972,858,992	0	4,972,858,992
Heritage assets	27,542,700	0	27,542,700
Intangible assets	6,464,390	0	6,464,390
Investment property	40,650,000	0	40,650,000
Non-current investments	132,990	0	132,990
Non-current receivables from exchange transactions	2,167,195	0	2,167,195

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		2018 R	Restated 2017 R
Current assets	**665,381,675**	**(277)**	**665,381,398**
Inventory	28,070,108	0	28,070,108
Trade and other receivables from exchange transactions	234,189,002	25,304	234,214,306
Receivables from non-exchange transactions	74,580,052	(25,582)	74,554,470
Current portion of long-term receivables	320,176	0	320,176
Cash and cash equivalents	289,280,521	(0)	289,280,521
VAT receivable	38,941,816	0	38,941,816
Total Assets	**5,715,197,943**	**(277)**	**5,715,197,666**
NET ASSETS AND LIABILITIES			
Non-current liabilities	**1,309,659,086**	**1**	**1,309,659,086**
Borrowings	1,029,648,672	0	1,029,648,672
Non-current defined benefit obligations	110,360,000	1	110,360,001
Non-current provisions	167,585,754	(0)	167,585,753
Non-current finance lease liabilities	2,064,660	0	2,064,660
Current liabilities	**535,675,618**	**(279)**	**535,675,338**
Consumer deposits	37,806,853	(0)	37,806,852
Trade and other payables from exchange transactions	252,471,509	(279)	252,471,230
Unspent conditional grants and receipts	50,601,266	(0)	50,601,266
Current portion of non-current borrowings	160,839,692	0	160,839,692
Current portion of finance lease liabilities	1,924,571	0	1,924,571
VAT Payable (Control)	0	0	0
Current portion of defined benefit obligations	7,144,000	0	7,144,000
Current provisions	24,887,727	0	24,887,727
Total Net Assets	**3,869,863,240**	**1**	**3,869,863,241**
Housing development fund	1,287,644,331	0	1,287,644,331
Reserves and funds	24,102,259	(0)	24,102,259
Accumulated surplus / (deficit)	2,558,116,650	1	2,558,116,651
Total Net Assets and Liabilities	**5,715,197,943**	**(277)**	**5,715,197,666**

iii) Adjustment of cash flow statement	**PREVIOUSLY REPORTED**	**RECLAS-SIFICATION**	**RECLASSIFIED AMOUNT**
CASH FLOW FROM OPERATING ACTIVITIES			
RECEIPTS			
Property rates	226,527,649	0	226,527,649
Sale of goods and services	1,142,091,383	0	1,142,091,383
Grants received	225,883,745	0	225,883,745
Interest received	36,701,711	0	36,701,711
Dividends received	15,120	0	15,120
Other receipts and fines received	107,100,566	(440,748)	106,659,818
PAYMENTS			
Employee cost	(485,245,977)	(11,943,000)	(497,188,977)
Suppliers	(930,282,832)	12,383,748	(917,899,084)
Interest paid	(93,989,644)	0	(93,989,644)
VAT paid	(21,557,370)	0	(21,557,370)
NET CASH FROM OPERATING ACTIVITIES	**207,244,351**	**0**	**207,244,351**
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment and intangible assets	(535,995,862)	0	(535,995,862)
Decrease/(Increase) in non-current receivables	636,765	0	636,765
(Decrease)/Increase in non current investment	257,013	0	257,013
NET CASH FROM INVESTING ACTIVITIES	**(535,102,084)**	**0**	**(535,102,084)**

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		2018 R	Restated 2017 R
CASH FLOWS FROM FINANCING ACTIVITIES			
(Decrease) / Increase in long-term liabilities	287,651,031	0	287,651,031
Increase in consumer deposits	3,855,317	0	3,855,317
Increase/(Decrease) in Financial Lease Liability	926,846	0	926,846
NET CASH FROM FINANCING ACTIVITIES	292,433,194	0	292,433,194
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	(35,424,540)	0	(35,424,540)
Cash and cash equivalents at the beginning of the year	324,705,061	0	324,705,061
Cash and cash equivalents at the end of the year	289,280,521	0	289,280,521

iv) Detail notes affected by the reclassification	PREVIOUSLY REPORTED	RECLASSIFIED AMOUNT
28.4 Other Grants		
Balance unspent at beginning of year	(13,878,096)	(3,868,594)
Current year receipts	(4,622,241)	(1,348,668)
Conditions met - transferred to revenue	1,753,064	1,753,084
Conditions still to be met - transferred to liabilities (refer note 10)	(16,747,273)	(3,464,178)

These grants received from other institutions are for operational and capital expenditure projects. Other than the unspent amount, the conditions of the grant have been met. No funds have been withheld.

28.5 Guarantees and Donations		
Balance unspent at beginning of year	(2,133,352)	(11,741,537)
Current year receipts	0	(3,273,573)
Conditions met - transferred to revenue	129,864	129,864
Conditions still to be met - transferred to liabilities (refer note 10)	(2,003,488)	(14,885,246)

These grants received from other institutions are for operational and capital expenditure projects. Other than the unspent amount, the conditions of the grant have been met. No funds have been withheld.

b) Prior Period Adjustments

i) Adjustment of statement of financial performance items	RECLASSIFIED AMOUNTS	ADJUSTMENTS	RESTATED AMOUNT
REVENUE			
Revenue from exchange transactions			
Service charges	1,256,863,907	(23,923,328)	1,232,940,579
Sale of Good and Rendering of Services	12,115,073	(186,332)	11,928,741
Rental from Fixed Asset	27,518,658	1,507	27,520,165
Finance Income and Dividends	36,716,831	0	36,716,831
Operational Revenue (Exchange)	19,869,275	(13,331,435)	6,537,840
Revenue from non-exchange transactions			
Property rates	224,772,167	0	224,772,167
Surcharges and Taxes	1,356,616	0	1,356,616
Fines, Penalties and Forfeits	66,815,216	2,794,813	69,610,029
Licences and permits	17,333,829	(1,460,198)	15,873,631
Transfers and Subsidies	219,228,804	0	219,228,804
Operational Revenue (Non-Exchange)	440,748	0	440,748
Total Revenue	1,883,031,124	(36,104,973)	1,846,926,151

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		2018 R	Restated 2017 R
EXPENDITURE			
Employee Related Costs	458,902,739	3,548,620	462,451,359
Councillor Related Cost	26,343,238	0	26,343,238
Depreciation and Amortisation	176,925,836	(1,621,958)	175,303,878
Operating Leases	15,774,551	(11,061)	15,763,490
Interest paid	93,989,644	0	93,989,644
Bulk Purchases: Water	23,623,213	(253,314)	23,369,899
Bulk Purchases: Electricity	635,415,938	0	635,415,938
Contracted services	174,956,580	602,844	175,559,424
Inventory expense	37,939,284	11,871	37,951,155
Transfers and Subsidies: Operational Expenditure	5,488,776	0	5,488,776
Operational Cost	50,411,433	3,977,700	54,389,133
Total Expenditure	1,699,771,232	6,254,702	1,706,025,934
GAINS AND LOSSES			
Impairment of Financial assets	102,784,454	2,567,583	105,352,037
Impairment losses on PPE, IA, IP & HA	48,796	0	48,796
(Gains)/losses on disposal of PPE, IA, IP & HA	10,792,454	0	10,792,454
Fair value adjustments Financial Assets	3,472	0	3,472
Fair value adjustments Investment Property	(3,070,000)	0	(3,070,000)
(Gains)/losses on Inventory	345,878	0	345,878
Gains from assets from non exchange transactions	(7,993,136)	0	(7,993,136)
	102,911,918	2,567,583	105,479,501
Surplus / (Deficit) from continued operations	80,347,974	(44,927,258)	35,420,716

(ii) Adjustment of opening balances	**RECLASSIFIED AMOUNTS**	**ADJUSTMENTS**	**RESTATED AMOUNT**
NET ASSETS			
Accumulated Surplus 1 July 2016	**2,445,991,116**	**(10,547,216)**	**2,435,443,900**
Adjustment to Unclaimed cheques		170,936	
Adjustment to Stale cheques reversed		44,635	
Adjustment to Motor licences		(1,654,676)	
Adjustment to Store deposit		(2,000)	
Adjustment to Sundries Salary Adjustments		15,153	
Adjustment to Deposit and Sale of Land		(383,465)	
Adjustment to Mbekweni deposits		(5,188)	
Adjustment to SALGA contributions		(729,296)	
Adjustment to Workmens Compensation Fund		6,236,792	
Adjustment to Water Stock		(1,260,819)	
Adjustment to PPE		(13,941,253)	
Adjustment to Intangible assets		(350)	
Adjustment to traffic fines		962,317	

	RECLASSIFIED AMOUNTS	**ADJUSTMENTS**	**RESTATED AMOUNT**
ASSETS AND LIABILITIES			
Receivables from non-exchange transactions (Opening Balance at 1 July 2016)	72,337,820	(2,014,676)	70,323,144
Trade and other payables from exchange transactions (Opening Balance at 1 July 2016)	(225,297,003)	6,671,259	(218,625,744)
Inventory (Opening Balance at 1 July 2016)	19,756,470	(1,260,819)	18,495,651
Trade and other receivables from exchange transactions (Opening Balance at 1 July 2016)	198,612,518	(1,376)	198,611,142
Property, Plant & Equipment (Opening Balance at 1 July 2016)	4,595,395,496	(67,953,450)	4,527,442,046
Revaluation Reserve (Opening Balance at 1 July 2016)	(1,320,315,451)	54,378,779	(1,265,936,672)

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(iii) Adjustment of statement of financial position items

	2018 R		Restated 2017 R
ASSETS			
Non-current assets	**5,049,816,268**	**(67,573,424)**	**4,982,242,844**
Property, plant and equipment	4,972,858,992	(67,573,284)	4,905,285,709
Heritage assets	27,542,700	0	27,542,700
Intangible assets	6,464,390	(140)	6,464,250
Investment property	40,650,000	0	40,650,000
Non-current investments	132,990	0	132,990
Non-current receivables from exchange transactions	2,167,195	0	2,167,195
Current assets	**665,381,397**	**(36,096,470)**	**629,284,927**
Inventory	28,070,108	(4,258,154)	23,811,954
Trade and other receivables from exchange transactions	234,214,306	(27,825,946)	206,388,360
Receivables from non-exchange transactions	74,554,470	(3,731,545)	70,822,925
Current portion of long-term receivables	320,176	0	320,176
Cash and cash equivalents	289,280,521	0	289,280,521
VAT receivable	38,941,816	(280,825)	38,660,992
Total Assets	**5,715,197,665**	**(103,669,894)**	**5,611,527,771**
NET ASSETS AND LIABILITIES			
Non-current liabilities	**1,309,659,086**	**3,392,000**	**1,313,051,086**
Borrowings	1,029,648,672	0	1,029,648,672
Non-current defined benefit obligations	110,360,001	3,392,000	113,752,000
Non-current provisions	167,585,753	0	167,585,753
Non-current finance lease liabilities	2,064,660	0	2,064,660
Current liabilities	**535,675,338**	**3,666,359**	**539,341,697**
Consumer deposits	37,806,852	0	37,806,852
Trade and other payables from exchange transactions	252,471,230	3,666,359	256,137,589
Unspent conditional grants and receipts	50,601,266	0	50,601,266
Current portion of non-current borrowings	160,839,692	0	160,839,692
Current portion of finance lease liabilities	1,924,571	0	1,924,572
VAT Payable (Control)	0	0	0
Current portion of defined benefit obligations	7,144,000	0	7,144,000
Current provisions	24,887,727	0	24,887,727
Total Net Assets	**3,869,863,241**	**(110,728,253)**	**3,759,134,989**
Reserves and funds	1,287,644,331	(54,489,084)	1,233,155,247
Housing development fund	24,102,259		24,102,259
Accumulated surplus / (deficit)	2,558,116,651	(56,239,169)	2,501,877,482
Total Net Assets and Liabilities	**5,715,197,665**	**(103,669,894)**	**5,611,527,772**

iii) Adjustment of cash flow statement	**RECLASSIFIED AMOUNTS**	**ADJUSTMENTS**	**RESTATED AMOUNT**
CASH FLOW FROM OPERATING ACTIVITIES			
RECEIPTS			
Property rates	226,527,649	0	226,527,649
Sale of goods and services	1,142,091,383	3,692,949	1,145,784,332
Grants received	225,883,745	0	225,883,745
Interest received	36,701,711	0	36,701,711
Dividends received	15,120	0	15,120
Other receipts and fines received	106,659,818	(12,822,815)	93,837,003
	0		
PAYMENTS	0		
Employee cost	(497,188,977)	(180,811)	(497,369,788)
Suppliers	(917,899,084)	9,029,851	(908,869,233)
Interest paid	(93,989,644)	0	(93,989,644)
VAT paid	(21,557,370)	280,825	(21,276,545)
NET CASH FROM OPERATING ACTIVITIES	**207,244,351**	**(1)**	**207,244,350**

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		2018 R	Restated 2017 R
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment and intangible assets	(535,995,862)	0	(535,995,862)
Purchase of Intangible assets	0	0	0
Purchase of Investment property	0	0	0
Proceeds on disposal of property, plant and equipment	0	0	0
Decrease/(Increase) in non-current receivables	636,765	0	636,765
Decrease/(Increase) in call investment deposits	0	0	0
(Decrease)/Increase in non current investment	257,013	0	257,013
	0	0	0
NET CASH FROM INVESTING ACTIVITIES	(535,102,084)	0	(535,102,084)
	0		
CASH FLOWS FROM FINANCING ACTIVITIES	0		
	0		
(Decrease) / Increase in long-term liabilities	287,651,031	0	287,651,031
Increase in consumer deposits	3,855,317	0	3,855,317
Increase/(Decrease) in Financial Lease Liability	926,846	0	926,846
NET CASH FROM FINANCING ACTIVITIES	292,433,194	0	292,433,194
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	(35,424,540)	(1)	(35,424,540)
Cash and cash equivalents at the beginning of the year	324,705,061	(1)	324,705,061
Cash and cash equivalents at the end of the year	289,280,521	(2)	289,280,521

(iv) Detail of individual items adjusted

a) INCORRECT RENTAL LEVIED

During the year it was discovered that rent from fixed assets were incorrectly levied on housing rentals. The error was subsequently corrected.

	Total of change in 2017
(Increase) / decrease in Rental from Fixed Assets	**(2,141)**
Rental from Fixed Assets	(2,141)
Increase / (decrease) in Trade and other receivables from exchange transactions	**2,141**
Housing Rental Scheme	2,141

b) CREDIT NOTE ISSUED ON PRIOR PERIOD EXPENDITURE PAYMENTS

During the year various stale cheques which was older than 6 months and relates to the 2016/2017 year were reversed in 2017/2018 financial year. The error was subsequently corrected.

	Total of change in 2017
(Increase) / decrease in Accumulated Surplus / (deficit) (Opening Balance 1 July 2016)	**(44,635)**
Decrease / (increase) in Trade and other payables from exchange transactions (Opening Balance 1 July 2016)	**44,635**
(Decrease) / increase in Operating Leases	**(11,061)**
(Decrease) / increase in Operational Cost	**(400)**
Achievements and Awards	(400)
(Decrease) / increase in Inventory	**(2,219)**
(Increase) / decrease in Rental from Fixed Assets	**(233)**
Other Rental Revenue	(233)
(Decrease) / Increase in Employee Related Cost	**(24,191)**
Salaries	(24,191)
(Decrease) / Increase in VAT Receivable	**(1,459)**
Decrease / (increase) in Trade and other payables from exchange transactions	**39,563**
Trade Creditors	39,563

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	2018 R	Restated 2017 R
c) UNCLAIMED CHEQUES REVERSED		**Total of change in 2017**
During the year it was discovered that cheques which were issued before 1 July 2016 were never presented to be cashed and therefore is was reversed. Cheques which were also cancelled in prior periods were presented for payment. The error was subsequently corrected.		
(Increase) / decrease in Accumulated Surplus / (deficit) (Opening Balance 1 July 2016)		**(186,089)**
Decrease / (increase) in Trade and other payables from exchange transactions (Opening Balance 1 July 2016)		**169,819**
(Decrease) / Increase in Trade and other receivables from exchange transactions (Opening Balance 1 July 2016)		**(1,376)**
Increase / (decrease) in Receivables from non-exchange transactions (Opening Balance 1 July 2016)		**17,646**
Increase / (decrease) in Contracted Services		**4,660**
Legal Fees		4,660
Decrease / (increase) in Rental from fixed assets		**1,207**
Other rental revenue		1,207
(Increase) / decrease in Trade and other payables from exchange transactions		**(5,867)**
d) PRIOR PERIOD EXPENDITURE PAYMENTS		**Total of change in 2017**
During the year it was discovered that expenses which relates to the 2016/2017 financial year were paid in the 2017/2018 financial year. The error was subsequently corrected.		
Increase / (decrease) in Contracted Services		**370,187**
Business and Advisory		370,187
Increase / (decrease) in Operational Cost		**1,995**
Commission		1,995
(Increase) / decrease in Trade and other payables from exchange transactions		**(372,182)**
Trade Creditors		(372,182)
e) CORRECTION OF MOTOR LICENCES DUPLICATED IN PRIOR PERIODS		**Total of change in 2017**
During the year it was discovered that Motor Licences were duplicated in the accounting records of the municipality. The error was subsequently corrected.		
Decrease / (increase) in Accumulated Surplus / (deficit) (Opening Balance 1 July 2016)		**1,654,676**
(Decrease) / Increase in Receivables from non-exchange transactions (Opening Balance 1 July 2016)		**(1,654,676)**
Decrease / (increase) in Licences and Permits		**600,310**
(Decrease) / increase in Receivables from non-exchange transactions		**(600,310)**
Recoverable debtors		(600,310)

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	2018 R	Restated 2017 R
f) CORRECTION OF ACCRUAL OF WATER AND ELECTRICITY		**Total of change in 2017**
During the year it was discovered that VAT was erroneously calculated on the accrual of water and electricity levied in July 2017, but pertaining to 30 June 2017. The error was subsequently corrected.		
Decrease / (increase) in Service Charges		**25,070,604**
Sale of Electricity		6,976,074
Sale of Water		18,094,530
(Decrease) / Increase in Trade and other receivables from exchange transactions		**(28,580,488)**
Electricity		(6,976,074)
Water		(18,094,530)
VAT control		(3,509,885)
Decrease / (increase) in Trade and other payables from exchange transactions		**3,509,885**
Other Creditors		3,509,885
g) CORRECTION OF DEFAULT VOTE NUMBER UTILISED		**Total of change in 2017**
During the year it was discovered that some transaction in the prior period got allocated by the system to the default vote number. The error was subsequently corrected.		
Decrease / (increase) in Licences and Permits		**(5,200)**
Decrease / (increase) in Operational Revenue (Exchange)		**(5,102)**
Administration Handling Fees		(5,102)
Decrease / (increase) in Sale of Goods and Rendering of Services		**(2,188)**
Library Fees		(100)
Photocopies and faxes		(2,088)
Decrease / (increase) in Rental from fixed assets		**(340)**
Other rental revenue		(340)
Decrease / (increase) in Fines, penalties and forfeits		**(2,598)**
Overdue Book Fines		(2,598)
Decrease / (increase) in Trade and other payables from exchange transactions		**89,978**
Other Creditors		89,978
(Decrease) / Increase in VAT Receivable		**(74,549)**
(Decrease) / Increase in Receivables from non-exchange transactions		**-**
Fines		-
h) CORRECTION OF VAT ON BULK WATER SERVICES		**Total of change in 2017**
After provision was done for bulk water purchases at year end, the actual results was less than the amount provided. The error was subsequently corrected.		
Increase / (decrease) in Bulk Purchases: Water		**101,351**
Bulk Water		101,351
(Decrease) / Increase in VAT Receivable		**(101,351)**

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	2018 R	Restated 2017 R
i) CORRECTION OF STORE EXPENDITURE OCCURRED IN PRIOR PERIOD		**Total of change in 2017**
During the year it was discovered that rounding adjustments and other minor expenditure were never recognised in the expenditure of the municipality. The error was subsequently corrected.		
Decrease / (increase) in Accumulated Surplus / (deficit) (Opening Balance 1 July 2016)		**2,000**
(Decrease) / increase in Receivables from non-exchange transactions (Opening Balance 1 July 2016)		**(2,000)**
Increase / (decrease) in Operational Cost		**354**
Municipal Services		354
(Decrease) / increase in Receivables from non-exchange transactions		**(354)**
Recoverable Debtors		(354)
j) CORRECTION OF QUOTE INCOME NOT RECOGNISED		**Total of change in 2017**
During the year it was discovered that income was not recognised and is still in the control vote number of the department. The error was subsequently corrected.		
(Increase) / decrease in Operational Revenue		**(16,257)**
Administrative Handling Fees		(16,257)
Decrease / (increase) in Trade and other payables from exchange transactions		**16,257**
Payments received in advance		16,257
k) REVERSAL OF UNALLOCATED INCOME RECOGNISED		**Total of change in 2017**
During the year it was discovered that unallocated deposits which was recognised in the previous financial year included debtors with credit balances. The journal was reversed and the correct amount was journalised. The error was subsequently corrected.		
Decrease / (increase) in Operational Revenue		**13,167,325**
Administrative Handling Fees		13,167,325
(Increase) / decrease in Trade and other payables from exchange transactions		**(13,167,325)**
Other Creditors		(13,167,325)
l) CORRECTION OF OPENING BALANCES OF THE PRIOR PERIOD		**Total of change in 2017**
During the year it was discovered that a deposit was already paid back and still allocated in a debtor account. Sale of land income transaction was also still in a control vote and never allocated to income. The error was subsequently corrected.		
Decrease / (increase) in Accumulated Surplus / (deficit) (Opening Balance 1 July 2016)		**383,465**
(Decrease) / increase in Receivables from non-exchange transactions (Opening Balance 1 July 2016)		**(603,479)**
Decrease / (increase) in Trade and other payables from exchange transactions (Opening Balance 1 July 2016)		**220,014**
m) CORRECTION OF INCOME INCORRECTLY RECOGNISED		**Total of change in 2017**
During the year it was discovered that driver's licence income was incorrectly allocated to income instead of a debtor as this was Provincial Department's income. The error was subsequently corrected.		
Decrease / (increase) in Licences and Permits		**865,088**
(Decrease) / increase in Receivables from non-exchange transactions		**(865,088)**
Recoverable Debtors		(865,088)

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	2018 R	Restated 2017 R
n) CORRECTION OF DEPOSITS RECOGNISED AS INCOME		**Total of change in 2017**
During the year it was discovered that Mbekweni deposits which was incorrectly allocated to income instead of a creditor. The error was subsequently corrected.		
Decrease / (increase) in Accumulated Surplus / (deficit) (Opening Balance 1 July 2016)		**5,188**
(Decrease) / increase in Receivables from non-exchange transactions (Opening Balance 1 July 2016)		**(5,188)**
o) CORRECTION OF BUILDING PLAN INCOME		
During the year it was discovered that building plan deposits as well as electricity connection deposits were allocated to the incorrect vote number. The error was subsequently corrected.		
Decrease / (increase) in Sale of Goods and Rendering of Services		**188,520**
Building Plan Approval		188,520
(Increase) / decrease in Trade and other payables from exchange transactions		**(188,520)**
Payments received in advance		(188,520)
p) CORRECTION OF PAYMENTS MADE RELATING TO PRIOR YEAR		**Total of change in 2017**
During the year it was discovered that invoices relating to the 2016/2017 financial year was paid during the current year. The error was subsequently corrected.		
Increase / (decrease) in Inventory		**14,090**
Increase / (decrease) in Contracted Services		**251,425**
Maintenance of Equipment		110,605
Infrastructure and Planning		69,155
Maintenance of Buildings and Facilities		7,662
Safeguard and Security		54,003
Business and Advisory		10,000
Increase / (decrease) in Inventory		**12,000**
Consumable stores		12,000
(Decrease) / increase in VAT Receivable		**38,499**
(Increase) / decrease in Trade and other payables from exchange transactions		**(316,014)**
Trade Creditors		(316,014)
q) CHANGE IN ACCOUNTING TREATING OF SALGA CONTRIBUTIONS		**Total of change in 2017**
During the year the payments of SALGA changed due to their financial year end differing from our financial year end and therefore a different method of dealing with the payments. The error was subsequently corrected.		
(Increase) / decrease in Accumulated Surplus / (deficit) (Opening Balance 1 July 2016)		**729,296**
(Decrease) / Increase in Receivables from non-exchange transactions (Opening Balance 1 July 2016)		**(729,296)**
Increase / (decrease) in Contracted Services		**(23,428)**
Business and Advisory		(23,428)
Increase / (decrease) in Operational Cost		**611,751**
Professional Bodies, Membership and Subscription		611,751
(Decrease) / increase in Receivables from non-exchange transactions		**(588,323)**
Payments received in advance		(588,323)

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	2018 R	Restated 2017 R
r) REVERSAL OF HOUSING RECOGNISED IN THE PRIOR PERIOD		**Total of change in 2017**
The correction was made as the principle of recognising Housing inventory when a municipality is a principal, was proved by the housing arrangements guidelines issued by the ASB. Although not effective and not being early adopted, the principle clarifies a previously incorrect one applied. The error was subsequently corrected.		
Increase / (decrease) in Operational Cost		**3,364,000**
Housing project expenditure		3,364,000
(Decrease) / Increase in Inventory		**(3,364,000)**
Inventory BNG Houses		(3,364,000)
s) CHANGE IN ACCOUNITNG TREATING OF WORKMANS COMPENSATION		**Total of change in 2017**
During the year the payments of Workman's Compensation Fund changed due to their financial year end differing from our financial year end and therefore a different method of dealing with the payments. The error was subsequently corrected.		
(Increase) / decrease in Accumulated Surplus / (deficit) (Opening Balance 1 July 2016)		**(6,236,792)**
Decrease / (increase) in Trade and other payables from exchange transactions (Opening Balance 1 July 2016)		**6,236,792**
Increase / (decrease) in Employee Related Cost		**180,811**
Workman Compensation		180,811
(Increase) / decrease in Trade and other payables from exchange transactions		**(180,811)**
Payments received in advance		(180,811)
t) CORRECTION OF POST EMPLOYMENT MEDICAL BENEFIT LIABILITY		**Total of change in 2017**
Correction of prior post employment medical benefit liability. The error was subsequently corrected.		
Increase / (decrease) in Employee Related Cost		**3,392,000**
Post Employment Health Care Benefits		3,392,000
(Increase) / decrease in Non-current defined benefit obligations		**(3,392,000)**
Post Employment Health Care Benefits		(3,392,000)
u) CORRECTION OF AUCTION CAMP CLAIMS		**Total of change in 2017**
During the prior period insurance claims logged against the insurance firm was raised as a debtor, but on receipt of the funds it was incorrectly allocated to an income vote number. The error was subsequently corrected.		
Increase / (decrease) in Receivables from non-exchange transactions		**112,575**
Recoverable Debtors		112,575
Increase / (Decrease) in Trade and other receivables from exchange transactions		**(283,460)**
Sundries		(283,460)
Decrease / (increase) in Operational Revenue (Exchange)		**185,470**
Administration Handling Fees		185,470
(Decrease) / increase in VAT Receivable		**(14,584)**

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	2018 R	Restated 2017 R
v) PRIOR PERIOD INCOME INCORRECTLY RECOGNISED		**Total of change in 2017**
During the year it was discovered that income which relates to the 2016/2017 were paid in and incorrectly recognised 2017/2018 financial year. The error was subsequently corrected.		
(Increase) / decrease in Service Charges		**(1,147,276)**
Sale of Electricity		(1,147,276)
(Decrease) / increase in VAT Receivable		**(127,380)**
(Decrease) / increase in Trade and other receivables from exchange transactions		**1,037,238**
Sundries		1,037,238
Decrease / (increase) in Trade and other payables from exchange transactions		**237,418**
Other Creditors		237,418
w) CHANGE OF WATER STOCK CALCULATIONS		**Total of change in 2017**
During the year the calculation of water stock was incorrectly done. The error was subsequently corrected.		
Decrease / (increase) in Accumulated Surplus / (deficit) (Opening Balance 1 July 2016)		**1,260,819**
(Decrease) / increase in Inventory (Opening Balance 1 July 2016)		**(1,260,819)**
(Decrease) / increase in Bulk Purchases: Water		**(354,665)**
Bulk Water		(354,665)
Increase / (decrease) in Inventory		**354,665**
Water		354,665
x) CORRECTION OF PROPERTY, PLANT AND EQUIPMENT		**Total of change in 2017**
During the year certain assets were removed from the asset register to correct errors of prior years.		
Decrease / (increase) in Accumulated Surplus / (deficit) (Opening Balance 1 July 2016)		**13,941,253**
Decrease / (increase) in Revaluation reserve (Opening Balance 1 July 2016)		**55,253,779**
(Decrease) / increase in Property, Plant and Equipment (Opening Balance 1 July 2016)		**(69,195,032)**
Increase / (decrease) in Depreciation and amortisation		**(1,621,748)**
Depreciation		(1,621,748)
(Decrease) / increase in Property, Plant and Equipment		**1,621,748**
Accumulated depreciation		1,621,748
Decrease / (increase) in Accumulated Surplus / (deficit)		**764,695**
Decrease / (increase) in Revaluation reserve		**(764,695)**
y) CORRECTION OF INTANGIBLE ASSETS		**Total of change in 2017**
During the year certain assets were removed from the asset register to correct errors of prior years.		
Decrease / (increase) in Accumulated Surplus / (deficit) (Opening Balance 1 July 2016)		**350**
(Decrease) / increase in Intangible assets (Opening Balance 1 July 2016)		**(350)**
Increase / (decrease) in Depreciation and amortisation		**(210)**
Amortisation		(210)
(Decrease) / increase in Intangible assets		**210**
Accumulated depreciation		210

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	2018 R	Restated 2017 R Total of change in 2017

z) CORRECTION OF TRAFFIC FINES NOT PREVIOUSLY RECOGNISED

During the year it was discovered that traffic fines issued by the Provincial Authority should be accounted for by the Municipality in terms of iGRAP1. The error was subsequently corrected.

Decrease / (Increase) in Accumulated Surplus / (deficit) (Opening Balance 1 July 2016)	**(962,317)**
(Decrease) / increase in Receivables from non-exchange transactions (Opening Balance 1 July 2016)	**962,317**
Traffic fines debtors	7,996,212
Provision for doubtful fines	(7,033,895)
Decrease / (Increase) in Fines, penalties and forfeits	**(2,792,215)**
Traffic fines revenue	(2,792,215)
Increase / (decrease) in Impairment losses on financial assets	**2,567,583**
Provision for doubtful fines	2,567,583
(Decrease) / increase in Receivables from non-exchange transactions	**224,632**
Traffic fines debtors	2,396,065
Provision for doubtful fines	(2,171,433)

(v) Other disclosure adjustments

a) SALGA Contribution adjustment

Prior year comparative correction on Note 43.1, *Additional disclosures in terms of Municipal Finance Management Act - Contribution to SALGA.* The amount was a non-financial disclosure and therefore was corrected accordingly.

	PREVIOUSLY REPORTED	RESTATED AMOUNT
Opening balance	0	729,296
Council subscriptions	4,481,908	5,093,659
Amount paid - current year	(4,481,908)	(4,481,908)
Amount paid - previous year	0	0
Balance unpaid / (overpaid)	0	1,341,047

b) Cash flow statement - reclassifications and corrections

Prior year comparatives were restated, due to the movement in the post employment benefits (R11,943,000) being included under the "Suppliers" line item in the Cash flow statement instead of the "Employee cost" line item. Furthermore Services in-kind amount, being a non-cash item was reclassified (off-set) between "suppliers" and "Fines and other receipts".

The cash flow for long term receivables was corrected in Note 39, as it incorrectly indicated an increase instead of a decrease in long term receivables.

c) Financial Instruments - Maturity Analysis

The Municipality did not disclose the maturity analysis of financial liabilities in the prior year. This has been corrected in note 46.7 - liquidity risk

d) Post Employment Health Care Benefit liability - Note 6.1

The Post Employment Health Care Benefit liability was restated due to 6 retirees being omitted in the prior year.

The Post Employment Health Care Benefit Plan is a defined benefit plan, of which the members are made up as follow:

	PREVIOUSLY REPORTED	RESTATED AMOUNT
In-service Members (Employees)	578	578
Continuation Members (Retirees)	194	200
Total Members	772	778

The liability in respect of past service has been estimated as follow:

In-service Members	47,966,000	47,966,000
Continuation Members	66,947,000	70,339,000
Total Liability	114,913,000	118,305,000

The amounts recognised in the Statement of Financial Position are as follow:

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	2018 R	Restated 2017 R
Fair value of plan assets	0	0
Unrecognised Actuarial Gains / (Losses)	0	0
Present value of unfunded obligations	114,913,000	118,305,000
Total Benefit Liability	**114,913,000**	**118,305,000**
The amounts recognised in the Statement of Financial Performance are as follow:		
Current service cost	3,092,000	3,092,000
Interest cost	12,325,000	12,325,000
Actuarial losses / (gains) recognised	(18,133,730)	(14,741,730)
Total Post-retirement Benefit included in Employee Related Costs (Note 30)	**(2,716,730)**	**675,270**
The history of experienced adjustments are as follow:		
Present Value of Defined Benefit Obligation	114,913,000	118,305,000
Fair Value of Plan Assets	0	0
Deficit	114,913,000	118,305,000

Consequently the section in Note 30, Employee benefits, related to the Post Employment benefit liability was restated as well

Defined Benefit Plan Expense: Post Employment Health Care Benefits	**(2,716,730)**	**675,270**
Current Service	3,092,000	3,092,000
Cost		
Loss on actuarial valuations	0	0
(Gains) on actuarial valuations	(18,133,730)	(14,741,730)
Interest Cost	12,325,000	12,325,000

e) Trade and other payables from exchange transactions
The disclosure of Note 9, Trade and other payables from exchange transactions, was restated to correctly reflect the accrued VAT on outstanding debtors, that was previously included under "other creditors".

f) Provision for performance bonuses
The disclosure in note 7.4 was restated to correctly reflect the increase and reversal in the provision and not only the net movement.

g) Contingent liabilities	**PREVIOUSLY REPORTED**	**RESTATED AMOUNT**
The contingent liabilities in regards to the claim from S Hendricks obo R Hendricks, was omitted in the prior year.	**0**	**2,736,000**

h) Repairs and Maintenance	**PREVIOUSLY REPORTED**	**RESTATED AMOUNT**
Repairs and Maintenance, as disclosed for PPE in Note 11 (Property, plant and equipment), has been restated as it erroneously included interdepartmental charges.	**216,634,526**	**183,318,998**

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	2018 R	Restated 2017 R

i) Deviation from, and ratification of minor breaches of, the Procurement Processes

In terms of section 36(2) of the Supply Chain Management Policy approved by Council it is stipulated that bids where the formal procurement processes could not be followed, must be noted in the financial statements.

SCM PARAGRAPH REFERENCE	DESCRIPTION OF DEVIATION	PREVIOUSLY REPORTED	RESTATED AMOUNT
16 (c)	If it is not possible to obtain at least 3 written price quotations for transaction value between R2,000 and R10,000.	7,207,200	0
17(1)(c)	If it is not possible to obtain at least 3 formal written price quotations for transaction value between R10,000 and R200,000.	12,141,952	0
36 (1)(a) i	Dispense with the official procurement processes in an emergency	2,827,096	6,871,140
36 (1)(a) ii	Dispense with official procurement processes if such goods or services are produced or available from a single source or sole provider	4,480,511	7,217,088
36 (1)(a) v	Dispense with official procurement processes in any other exceptional case where it is impractical or impossible to follow the official procurement processes.	56,665,118	66,680,218
36 (1)(b)	Ratify any minor breaches of the procurement processes by an official or committee acting in terms of delegated powers or duties.	16,795,721	0
Sub - totals		100,117,598	80,768,446
Cheque request deviations		264,935	235,338
Total Deviations		100,382,533	81,003,784

41. OPERATING LEASE COMMITMENTS

Land and Buildings	306,421	409,017
Payable within one year	111,316	102,596
Payable within two to five years	195,105	306,421
Payable after more than five years	0	0
	306,421	409,017

The Municipality has significant current lease arrangements for land and buildings over a period of 9 years and 11 months being subject to increased lease payments.

Total commitments: Municipality as Lessee	306,421	409,017

The Municipality as Lessor

At Statement of Financial Performance date the Municipality has contracted with tenants for the following future minimum lease payments.

Receivable within one year	507,923	603,562
Receivable within two to five years	469,429	776,702
Receivable after more than five years	32,717	60,678
	1,010,069	1,440,942

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	2018 R	Restated 2017 R

42. UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFULL EXPENDITURE DISALLOWED

42.1 UNAUTHORISED EXPENDITURE

42.1.1 Application of sec (a) of the definition of Unauthorised expenditure in terms of the MFMA

Reconciliation of unauthorised expenditure - Per Sec (a) of the definition of Unauthorised expenditure (Total Budget)		
Opening balance	0	0
Unauthorised expenditure for financial year	0	0
Original Unauthorised expenditure reported	0	0
Restatement of expenditure due to change in accounting policy or correction of errors	0	0
Written off by Council	0	0
Unauthorised expenditure awaiting authorisation	0	0

42.1.2 Application of Sec (b) of the definition of Unauthorised expenditure in

Reconciliation of unauthorised expenditure - Per Sec (b) of the definition of Unauthorised expenditure (Vote - GFS)		
Opening balance	0	0
Unauthorised expenditure for financial year (Aggregate of GFS Functions overspent)	994,744	0
Written off by Council	0	0
Unauthorised expenditure awaiting authorisation	994,744	0

Refer to appendix B3 for more detail

2017/18		**2018**		
UNAUTHORISED EXPENDITURE PER GOVERNMENT FINANCIAL STATISTICS (GFS)	**BUDGET**	**ACTUAL EXPENDITURE**	**UNAUTHORISED**	**AMOUNT WRITTEN OFF BY COUNCIL**
	R	R	R	R
COMMUNITY AND SOCIAL SERVICES	36,917,753	33,477,126	0	0
ENERGY SOURCES	861,163,846	857,040,739	0	0
ENVIRONMENTAL PROTECTION	998,823	977,321	0	0
EXECUTIVE AND COUNCIL	76,254,034	65,432,205	0	0
FINANCE AND ADMINISTRATION	248,195,347	243,634,570	0	0
HOUSING	125,952,819	84,354,547	0	0
INTERNAL AUDIT	3,787,579	2,817,068	0	0
PLANNING AND DEVELOPMENT	29,361,955	28,042,567	0	0
PUBLIC SAFETY	37,259,680	36,220,094	0	0
ROAD TRANSPORT	254,711,619	255,706,363	(994,744)	0
SPORT AND RECREATION	84,900,602	80,863,917	0	0
WASTE MANAGEMENT	139,486,271	128,617,501	0	0
WASTE WATER MANAGEMENT	143,326,131	141,087,997	0	0
WATER MANAGEMENT	129,526,212	128,900,031	0	0
	2,171,842,671	2,087,172,045	(994,744)	0

Refer to appendix B1 for more detail

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	2018 R	Restated 2017 R

2016/17

2017

UNAUTHORISED EXPENDITURE PER GOVERNMENT FINANCIAL STATISTICS (GFS)	BUDGET R	ACTUAL EXPENDITURE R	UNAUTHORISED R	AMOUNT WRITTEN OFF BY COUNCIL R
EXECUTIVE AND COUNCIL	19,931,636	8,411,408	0	0
BUDGET AND TREASURY OFFICE	80,799,868	79,381,466	0	0
CORPORATE SERVICES	146,123,269	142,248,632	0	0
PLANNING AND ECONOMIC DEVELOPMENT	40,207,867	38,226,889	0	0
COMMUNITY AND SOCIAL SERVICES	34,277,066	34,138,337	0	0
HOUSING	121,199,951	113,149,229	0	0
PUBLIC SAFETY	114,110,062	111,078,254	0	0
SPORT AND RECREATION	75,911,394	68,707,979	0	0
WASTE MANAGEMENT	124,573,279	112,809,955	0	0
WASTE WATER MANAGEMENT	142,590,672	141,129,280	0	0
ROAD TRANSPORT	137,669,373	134,514,601	0	0
WATER	136,221,757	129,489,450	0	0
ELECTRICITY	880,841,504	878,280,567	0	0
ENVIROMENTAL PROTECTION	8,383,336	7,864,510	0	0
	2,062,841,034	1,999,430,560	0	0

Refer to appendix B1 for more detail

42.1.3 Application of Sec (b) of the definition of Unauthorised expenditure in terms of the MFMA

Reconciliation of unauthorised expenditure - Per Sec (b) of the definition of Unauthorised expenditure (Vote - Directorate)

Opening balance	0	0
Unauthorised expenditure for financial year (Aggregate of Directorates overspent)	0	0
Written off by Council	0	0
Unauthorised expenditure awaiting authorisation	0	0

2018

UNAUTHORISED EXPENDITURE PER VOTE (DIRECTORATE)	BUDGET R	ACTUAL EXPENDITURE R	UNAUTHORISED R	AMOUNT WRITTEN OFF BY COUNCIL R
COMMUNITY SERVICES	310,204,912	303,386,695	0	0
CORPORATE SERVICES	125,068,966	124,133,453	0	0
DEPARTMENT OF CHIEF AUDIT EXECUTIVE	3,787,579	2,817,068	0	0
DEPARTMENT OF COMMUNICATION	2,555,918	1,573,931	0	0
DEPARTMENT OF IDP & PMS	1,605,269	1,178,669	0	0
DEPARTMENT OF RISK & COMPLIANCE	2,505,964	1,907,373	0	0
ENGINEERING SERVICES	1,472,515,462	1,446,031,544	0	0
FINANCIAL SERVICES	77,096,614	76,137,168	0	0
OFFICE OF THE CITY MANAGER	(231,158)	(239,539)	0	0
PLANNING AND ECONOMIC DEVELOPMENT	176,733,145	130,245,682	0	0
	2,171,842,671	2,087,172,045	0	0

Refer to appendix B2 for more detail

2017

UNAUTHORISED EXPENDITURE PER VOTE (DIRECTORATE)	BUDGET R	ACTUAL EXPENDITURE R	UNAUTHORISED R	AMOUNT WRITTEN OFF BY COUNCIL R
OFFICE OF THE MUNICIPAL MANAGER	7,465,920	6,785,752	0	0
CORPORATE SERVICES	73,588,170	55,788,035	0	0
COMMUNITY SERVICES	531,067,611	499,833,309	0	0
FINANCIAL SERVICES	80,799,868	79,381,466	0	0
PLANNING AND ECONOMIC DEVELOPMENT	40,147,461	38,205,656	0	0
INFRASTRUCTURE SERVICES	1,329,772,004	1,319,436,343	0	0
	2,062,841,034	1,999,430,560	0	0

Refer to appendix B2 for more detail

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	2018 R	Restated 2017 R
42.2 FRUITLESS AND WASTEFUL EXPENDITURE		
Opening Balance	**1,863**	**141,794**
Fruitless expenditure current year	0	1,863
Payments received during the year	0	0
Approved by council	0	(141,794)
Closing Balance	**1,863**	**1,863**

Incident	Disciplinary steps/criminal proceedings		
Payment of interest to SARS	Additional tax was levied on the municipality as a result of an input vat claim on an invoice that was disallowed by SARS due to non-compliance to the VAT Act.	1,863	1,863
		1,863	**1,863**

42.3 IRREGULAR EXPENDITURE		
Opening Balance	**78,313**	**1,169,260**
Irregular expenditure current year	47,848,766	273,263
Payments received during the year	0	0
Approved by council	(78,313)	(1,364,210)
Irregular expenditure identified in the current year relating to prior years	0	0
Closing Balance	**47,848,766**	**78,313**

Incident	Disciplinary steps/criminal proceedings/reasons for write-offs		
Acting allowance deemed irregular	During the year officials acted more than the prescribed 3 month period, thus resulting in Provincial Treasury interpreting the acting payments as being irregular. The matter was taken to Council and written off during June 2017.	0	194,950
Over expenditure on approved deviation.	Deviation was duly approved, but over spending occurred due to lack of proper oversight and monitoring.	0	51,273
In contravention with Regulation 5(1)(a) of the Preferential Procurement Regulations.	Applicable preference point system for acquisition of services, works or goods were not adhered to.	0	27,040
Expansion of contract CES 07/2015 (Upgrade and extension of the Wellington Waste Water Treatment Works to 16ML / day : Mechanical and Electrical Installation)	To be investigated	16,904,588	0

Currently there is a dispute between the municipality and the Auditor-General on whether the R16,904,588 constitutes irregular expenditure and should be disclosed in this note. The relevant inter-governmental dispute mechanisms and/or any other avenues will be implemented, which could result in an alteration of this disclosure in terms of section 126(5) of the MFMA. The outcome of this process will determine if further investigation is required.

Expansion of contract CES 08/2015 (Upgrade and extension of the Wellington Waste Water Treatment Works to 16ML / day : Civil Works)	To be investigated	29,395,331	0

Currently there is a dispute between the municipality and the Auditor-General on whether the R29,395,331 constitutes irregular expenditure and should be disclosed in this note. The relevant inter-governmental dispute mechanisms and/or any other avenues will be implemented, which could result in an alteration of this disclosure in terms of section 126(5) of the MFMA. The outcome of this process will determine if further investigation is required.

Deviation appointment of a consultant to render professional financial services.	To be investigated	862,400	0
Deviation appointment of a service provider to perform a municipal security audit.	To be investigated	175,000	0
The lowest quotation was not accepted. This resulted in non-compliance with paragraph 18(1)(f) of Council's Supply Chain Management Policy.	To be investigated	12,246	0

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		2018 R	Restated 2017 R
Requirements for services were not dealt with as a single transaction. This resulted in non-compliance with Regulation 12(3) of the Municipal Supply Chain Management Regulations, 2005.	To be investigated	292,000	0
Non-compliance to local production and content requirements in terms of Regulation 6 and 8 of the Preferential Procurement Regulations, 2017.	To be investigated	162,000	0
The bidder's claim for B-BBEE points differed between their declaration and their sworn affidavit. The Auditor-General of SA determined that the declaration made by the supplier on the MBD 6 should be compared to the sworn affidavit or B-BBEE verified certificate to verify the declaration.	To be investigated	45,201	0
		47,848,766	**273,263**

All above mentioned amounts exclude VAT.

43. *ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT*

43.1 Contributions to SALGA

Opening balance	1,341,047	729,296
Council subscriptions	5,705,625	5,093,659
Amount paid - current year	(11,424,492)	(4,481,908)
Amount paid - previous years	0	0
Balance unpaid (included in creditors)	**(4,377,820)**	**1,341,047**

43.2 Audit fees

Opening balance	0	0
Current year audit fee	7,498,208	6,049,922
Amount paid - current year	(7,498,208)	(6,049,922)
Amount paid - previous years	0	0
Balance unpaid (included in creditors)	**0**	**0**

43.3 VAT

VAT output payables and VAT input receivables are shown in Note 18. All VAT returns have been submitted by the due

43.4 PAYE

Opening balance	0	0
Current year payroll deductions	68,988,348	55,146,671
Amount paid - current year	(68,988,348)	(55,146,671)
Amount paid - previous years	0	0
Balance unpaid (included in creditors)	**0**	**0**

43.5 UIF

Opening balance	0	0
Current year payroll deductions	6,229,151	5,653,560
Amount paid - current year	(6,229,151)	(5,653,560)
Amount paid - previous years	0	0
Balance unpaid (included in creditors)	**0**	**0**

43.6 Pension Deductions

Opening balance	0	0
Current year payroll deductions and council contributions	83,637,501	71,459,673
Amount paid - current year	(83,637,501)	(71,459,673)
Amount paid - previous years	0	0
Balance unpaid (included in creditors)	**0**	**0**

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	2018 R	Restated 2017 R
43.7 Medical Aid Deductions		
Opening balance	0	0
Current year payroll deductions and council contributions	33,313,547	29,683,637
Amount paid - current year	(33,313,547)	(29,683,637)
Amount paid - previous years	0	0
Balance unpaid (included in creditors)	0	0

Contributions to SALGA have been restated according to GRAP 3. Refer to Note 40 on *"Restatement of Prior Year Figures and Adjustments"* for details of the restatement.

43.8 Councillors arrear consumer accounts outstanding more than 90 days

The following Councillors had arrear accounts outstanding for more than 90 days as at 31 July 2017	**Outstanding more than 90 days**
	R
CL SX JONAS	3,626
	3,626

The following Councillors had arrear accounts outstanding for more than 90 days as at 31 August 2017	**Outstanding more than 90 days**
	R
NN GEORGE	397
CL SX JONAS	2,544
M ADRIAANSE	49
	2,990

The following Councillors had arrear accounts outstanding for more than 90 days as at 30 September 2017	**Outstanding more than 90 days**
	R
CL SX JONAS	1,441
	1,441

The following Councillors had arrear accounts outstanding for more than 90 days as at 31 October 2017	**Outstanding more than 90 days**
	R
CL M ADRIAANSE	162
	162

The following Councillors had arrear accounts outstanding for more than 90 days as at 31 March 2018	**Outstanding more than 90 days**
	R
CL DS BLANKENBERG	281
	281

The following Councillors had arrear accounts outstanding for more than 90 days as at 30 June 2018	**Outstanding more than 90 days**
	R
CL NP / ZC BBENENE	20,428
	20,428

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	2018 R	Restated 2017 R

43.9 Non-Compliance with Chapter 11 of the Municipal Finance Management Act

Non Compliance to the following sections of chapters of the MFMA :

CHAPTER	SECTION	SUB - SECTION
8	74	1

44. ADDITIONAL DISCLOSURES IN TERMS OF THE SUPPLY CHAIN MANAGEMENT REGULATIONS

44.1 Deviation from, and ratification of minor breaches of, the Procurement Processes

In terms of section 36(2) of the Supply Chain Management Policy approved by Council it is stipulated that bids where the formal procurement processes could not be followed, must be noted in the financial statements.

SCM PARAGRAPH REFERENCE	DESCRIPTION OF DEVIATION		
36 (1)(a) i	Dispense with the official procurement processes in an emergency	30,647,402	6,871,140
36 (1)(a) ii	Dispense with official procurement processes if such goods or services are produced or available from a single source or sole provider	12,934,652	7,217,088
36 (1)(a) v	Dispense with official procurement processes in any other exceptional case where it is impractical or impossible to follow the official procurement processes.	17,998,081	66,680,218
Sub - totals		61,580,135	80,768,446
Cheque request deviations		0	235,338
Total Deviations		61,580,135	81,003,784

The majority of the items were due to emergency circumstances and economic benefits for the municipality.

Deviation from, and ratification of minor breaches of, the Procurement Processes have been restated according to GRAP 3. Refer to Note 40 on *"Restatement of Prior Year Figures and Adjustments"* for details of the restatement.

44.2 Awards to close family members of persons in service of the state - SCM Regulation 45

Awards to close family members of persons in the service of the State

Supplier Name	Employee Name	Relationship	Department		
Awards to close family members of persons in the service of Drakenstein Municipality					
Business Connexion	C van Der Bank	Spouse	Drakenstein Municipality: Planning & Development	5,602,688	-
D Uren Vibracrete	Z Ajam	Child	Drakenstein Municipality: Finance	430,244	1,169,780
Wab Printmedia (Pty) Ltd	A Brink	Spouse	Drakenstein Municipality: Finance	42,912	-
Aurecon South Africa (Pty) Ltd	P W Pansegrouw	Spouse	Drakenstein Municipality: Engineering Se	34,547,056	-
Harold's Auto Repairs	B van Rooy	Child	Drakenstein Municipality: Engineering Se	472,449	-
Decco Suppliers And Distributors	J Abrahams	Parent	Drakenstein Municipality: Planning & Development	67,906	-

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				2018 R	Restated 2017 R
Awards to close family members of persons in the service of other state departments and entities (not listed above)					
B Malan	JJA Davids	Parent	Western Cape Department of Education		8,650
CSM Consulting Services (Pty) Ltd	A Van Collie	Child	Department of Environmental Affairs	4,610,803	501,559
LJ Projects and Events	C Jafta	Spouse	Department of Water Affairs	23,940	12,000
Mpumananzi Group CC	E R Bowers	Parent	Department of Health	33,468	
VAT Guide Consulting CC	S Daniels	Spouse	South African Revenue Services	92,000	79,800
WAM Technology CC	S Botes	Spouse	Department of Education	-	121,645
Exeo Khokela	T Meyer	Daughter	Western Cape Department of Education	-	17,942,906
Water Solutions South Africa (Pty) Ltd	G Luthili &	Spouse	Gauteng Department of Social Development	113,291	-
	T Zwane	Spouse	Ekurhuleni Metro Municipality		
Decco Suppliers And Distributors *	A Abrahams	Parent	Western Cape Department of Education	-	-
				46,036,756	19,836,339

* The supplier amount is already included in the R67,906 disclosed above.

45. *CAPITAL COMMITMENTS*

Commitments in respect of capital expenditure:		
- Approved and contracted for	348,311,454	620,162,582
*Infrastructure **	271,868,108	569,454,070
*Other **	76,443,346	49,721,238
*Intangibles **	0	987,274
Total	348,311,454	620,162,582

** All capital commitments exclude VAT*

46. *FINANCIAL INSTRUMENTS*

46.1 Fair Value of Financial Instruments

The management of the municipality is of the opinion that the carrying value of Financial Assets and Financial Liabilities recorded at amortised cost in the Annual Financial Statements approximate their fair values, except for the listed Government stock. In accordance with GRAP 104 the Fair Values of Financial Assets and Financial Liabilities, together with the carrying amounts shown in the Statement of Financial Position, are as follow:

	NOTE	2018 Carrying Amount R	2018 Fair Value R	2017 Carrying Amount R	2017 Fair Value R
FINANCIAL ASSETS					
Fair Value		128,762	128,762	132,990	132,990
Listed Investments	15	128,762	128,762	132,990	132,990
Amortised cost		484,148,022	484,148,022	498,156,252	498,156,252
Non-current receivables from exchange transactions	16	1,256,030	1,256,030	2,167,195	2,167,195
Trade & other receivables from exchange transactions	19	253,463,027	253,463,027	206,388,360	206,388,360
Current portion of rec from exchange transactions	16	329,048	329,048	320,176	320,176
Cash and cash equivalents	21	229,099,916	229,099,916	289,280,521	289,280,521
Total Financial Assets		484,276,783	484,276,783	498,289,242	498,289,242

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				2018 R	Restated 2017 R
FINANCIAL LIABILITIES					
Amortised cost					
Unsecured Bank Facilities:		**1,334,533,653**	**1,334,533,653**	**1,031,713,332**	**1,031,713,332**
- Annuity Loans	5	1,333,295,041	1,333,295,041	1,029,648,672	1,029,648,672
- Finance leases	5	1,238,612	1,238,612	2,064,660	2,064,660
Trade and Other Payables:		**567,484,307**	**567,484,307**	**456,708,705**	**456,708,705**
- Consumer Deposits	8	39,819,252	39,819,252	37,806,852	37,806,852
- Trade & oth payables from exchange transactions	9	352,841,277	352,841,277	256,137,590	256,137,590
- Current Portion of Borrowings	5	171,335,664	171,335,664	160,839,692	160,839,692
- Current Portion of Finance leases	5	3,488,114	3,488,114	1,924,571	1,924,571
Total Financial Liabilities		**1,902,017,961**	**1,902,017,961**	**1,488,422,037**	**1,488,422,037**
Total Financial Instruments		**(1,417,741,177)**	**(1,417,741,177)**	**(990,132,794)**	**(990,132,794)**

The Fair Values of Financial Assets and Financial Liabilities are determined as follow:

The Fair Value of Long term liabilities is determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from observable current market transactions and dealer quotes for similar instruments.

The fair value of Other Financial Assets and Financial Liabilities were determined after considering the standard terms and conditions of agreements entered into between the municipality and other parties as well as the current payment ratio's of the municipality's debtors.

The Annual Financial Statements include holdings in Listed Government Stock which are measured at Fair Value (Note 15). Fair Value is estimated with standard terms and conditions and traded on active liquid markets is determined with reference to quoted market prices.

Assumptions used in determining Fair Value of Financial Assets and Financial Liabilities

The table below analyses Financial Instruments carried at Fair Value at the end of the reporting period by the level of fair-value hierarchy as required by GRAP 104. The different levels are based on the extent to which quoted prices are used in the calculation of the Fair Value of the Financial Instruments. The levels have been defined as follow:

Level 1:-
Fair Values are based on quoted market prices (unadjusted) in active markets for an identical instrument.

Level 2:-
Fair Values are calculated using valuation techniques based on observable inputs, either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using quoted market prices in active markets for similar instruments, quoted prices for identical or similar instruments in markets that are considered less than active, or other valuation techniques where all significant inputs are directly or indirectly observable from market data.

Level 3:-
Fair Values are based on valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. Also, this category includes instruments that are valued based on quoted prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

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					2018 R	Restated 2017 R
30 June 2018	**NOTE**	**Level 1 R**	**Level 2 R**	**Level 3 R**	**Total R**	
FINANCIAL ASSETS						
Financial Instruments at Fair Value:						
Listed Investments	15	128,762	0	0	128,762	
Total Financial Assets		128,762	0	0	128,762	
FINANCIAL LIABILITIES						
Financial Instruments at Fair Value:						
Other Loans		0	0	0	0	
Total Financial Liabilities		0	0	0	0	
Total Financial Instruments		128,762	0	0	128,762	
30 June 2017		**Level 1 R**	**Level 2 R**	**Level 3 R**	**Total R**	
FINANCIAL ASSETS						
Financial Instruments at Fair Value:						
Listed Investments	15	132,990	0	0	132,990	
Total Financial Assets		132,990	0	0	132,990	
FINANCIAL LIABILITIES						
Financial Instruments at Fair Value:						
Other Loans		0	0	0	0	
Total Financial Liabilities		0	0	0	0	
Total Financial Instruments		132,990	0	0	132,990	

46.2 Capital Risk Management

The municipality manages its capital to ensure that the municipality will be able to continue as a going concern while delivering sustainable services to consumers through the optimisation of the debt and equity balance.

The capital structure of the municipality consists of debt, which includes the Long-term Borrowings disclosed in Note 5; Cash and Cash Equivalents disclosed in Note 21; and Equity, comprising Funds, Reserves and Accumulated Surplus as disclosed in Notes 2 to 4 and the Statement of Changes in Net Assets.

46.3 Financial Risk Management Objectives

Due to largely non-trading nature of activities and the way in which they are financed, municipalities are not exposed to the degree of financial risk faced by business entities. Financial instruments play a much more limited role in creating or changing risks that would be typical of listed companies to which the IFRS mainly apply. Generally, financial assets and liabilities are generated by day-to-day operational activities and are not held to manage the risks facing the municipality in undertaking its activities.

The Department: Financial services monitors and manages the financial risks relating to the operations through internal policies and procedures. These risks include interest rate risk, credit risk and liquidity. Compliance with policies and procedures is reviewed by internal auditors on a continuous basis, and by external auditors annually. The entity does not enter into or trade financial instruments for speculative purposes.

Internal audit and Risk management, responsible for monitoring and responding to potential risk, reports quarterly to the municipality's audit committee, an independent body that monitors the effectiveness of the internal audit function.

46.4 Significant Accounting Policies

Details of the significant Accounting Policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of Financial Asset, Financial Liability and Equity Instrument are disclosed in the Accounting Policies to the Annual Financial Statements.

46.5 Market risk

The municipality's activities expose it primarily to the financial risks of changes in interest rates (see Note 46.6 below). No formal policy exists to hedge volatilities in the interest rate market.

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46.6 Interest Rate Risk

Interest Rate Risk is defined as the risk that the fair value or future cash flows associated with a financial instrument will fluctuate in amount as a result of market interest changes.

Potential concentrations of interest rate risk on financial assets consist mainly of fixed deposit investments and bank and cash balances.

The municipality is not exposed to a high level of interest rate risk on its financial liabilities. All of the Municipality's interest bearing external loan liabilities, as detailed in Appendix A, are fixed interest rate loans. Similarly with financial assets, the Municipality invests its surplus funds on fixed interest rate deposits with banks for fixed terms not exceeding one year.

The municipality's maximum exposures to interest rates on Financial Assets and Financial Liabilities are detailed in the Credit Risk Management section of this note.

46.7 Liquidity risk

Ultimate responsibility for liquidity risk management rests with the Council. The Municipality manages liquidity risk by effectively managing its working capital, capital expenditure, external borrowings and cash flows. Standby credit facilities are available with the Municipality's main banker to cater for any unexpected temporary shortfall in operating funds.

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Maturity analysis	**Within 1 year**	**2 to 5 years**	**5 years +**	**Total**
Annuity Loans	320,062,081	1,019,523,555	818,619,973	2,158,205,609
Finance Leases	3,733,462	1,325,827	0	5,059,289
Payables from exchange transaction	352,841,277	0	0	352,841,277
	676,636,820	1,020,849,383	818,619,973	2,516,106,175

30 June 2017

Maturity analysis	**Within 1 year**	**2 to 5 years**	**5 years +**	**Total**
Annuity Loans	286,367,409	909,321,826	703,487,588	1,899,176,824
Finance Leases	2,313,302	2,243,123	0	4,556,425
Payables from exchange transaction	256,137,590	0	0	256,137,590
	544,818,301	911,564,949	703,487,588	2,159,870,838

The municipality expects to meet its other obligations from operating cash flows and proceeds of maturing financial assets. The municipality expects to maintain its current debt to equity ratio. This will be achieved through the annual increase in tariffs to maintain the accumulated surplus, as well as the increased use of unsecured bank loan facilities.

46.8 Credit Risk Management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the municipality.

Potential concentrations of credit risk consist mainly of fixed deposit investments, long-term debtors, consumer debtors, other debtors, short-term investment deposits and bank and cash balances.

The Municipality manages credit risk in its borrowing and investing activities by only dealing with well-established financial institutions of high credit standing, and by spreading its exposure over a range of such institutions in accordance with its approved investment policies. Credit risk relating to consumer debtors is managed in accordance with the Municipality's credit control and debt collection policy. The Municipality's credit exposure is spread over a large number and wide variety of consumers and is not concentrated in any particular sector or geographical area. Adequate provision has been made for anticipated bad and doubtful debts. Additional information relating to the analysis of consumer debtors is given in the accounting policies and Note 19 to the financial statements.

The municipality does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The municipality defines counterparties as having similar characteristics if they are related entities. The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings.

The carrying amount of financial assets recorded in the Annual Financial Statements, which is net of impairment losses, represents the municipality's maximum exposure to credit risk without taking account of the value of any collateral obtained.

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The maximum credit and interest risk exposure in respect of the relevant financial instruments is as follow:

	NOTE	2018 R	Restated 2017 R
Investments	15	128,762	132,990
Long-term Receivables	16	1,256,030	2,167,195
Receivables from Consumer debtors (Gross before provision for impairment)(exchange)	19.1	359,679,503	298,352,284
Receivables from Other debtors ((Gross before provision for impairment)(exchange)	19.2	20,943,399	15,094,946
Bank and Cash Balances	21	229,099,916	289,280,521
Maximum Credit and Interest Risk Exposure		611,107,611	605,027,936

46.9 Other Price Risks

The municipality is not exposed to equity price risks arising from equity investments as the municipality does not trade

47. PUBLIC PRIVATE PARTNERSHIPS

Waste to Energy (WtE)

In prior years the Municipality started with a Public Private Partnership process with a private party, Interwaste, to establish a proposed WtE Facility with the objective of pursuing an alternative integrated waste management solution other than landfilling. On 31 May 2018 the Council of the Drakenstein Municipality took the decision to terminate the proposed Wellington WtE project.

48. RELATED PARTY TRANSACTIONS

Transactions with Key Management Personnel and Councillors:

Compensation made to Key Management Personnel and Councillors is disclosed in note 30 above.

Consumer services rendered to Key Management Personnel amount to R 55,870 (2017: R 41,327).

Outstanding balances on Key Management Personnel's consumer accounts at 30 June 2018 (Current Accounts) amount to R0 (2017: R 4,382).

Consumer services rendered to Councillors amount to R 1,140,474 (2017: R 1,078,645).

Outstanding balances on Councillors' consumer accounts at 30 June 2018 amount to R92,164 (2017: R57,577).

The consumer services are in accordance with approved tariffs that was advertised to the public. No bad debt expenses had been recognised in respect of amounts owed by related parties.

The amounts outstanding are unsecured and will be settled in cash. Consumer Deposits were received from Key Management Personnel and Councillors. No expense has been recognized in the period for bad or doubtful debts in respect of the amounts owed by related parties.

Not all persons in the service of the state is seen as related parties as defined in IPSAS 20, as they do not necessarily control or have an interest that gives them significant influence over the municipality. For disclosure purposes in terms of Supply Chain Management Regulations 45, awards to close family members of persons in the service of the state are disclosed in note 44.2.

49. RETIREMENT BENEFIT INFORMATION

The Municipality makes provision for post-retirement benefits to eligible Councillors and employees who belong to different pension schemes. These funds are governed by the Pension Funds Act and include both defined benefit and defined contribution schemes.

The only obligation of the municipality with respect to the retirement benefit plans is to make the specified contributions. Where councillors / employees leave the plans prior to full vesting of the contributions, the contributions payable by the municipality are reduced by the amount of forfeited contributions.

The total expense recognised in the Statement of Financial Performance of R83,637,501 (2017: R71,459,672) represents contributions payable to these plans by the municipality at rates specified in the rules of the plans.

These schemes are subject to a tri-annual, bi-annual or annual actuarial valuation as set out hereunder.

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LA RETIREMENT FUND (PREVIOUSLY CAPE JOINT PENSION FUND)

The **LA RETIREMENT FUND** operates both as a defined benefit and defined contribution scheme.

Defined Benefit Scheme

The contribution rate payable is under the defined benefit section is 27%, 9% by the members and 23.06 % (period 1 February 2012 - 30 June 2014) and 26.77% (period 1 July 2014 - 30 June 2015) by their councils. The actuarial valuation report at 30 June 2017 disclosed an actuarial valuation amounting to R1,859,077,000 (30 June 2016 : R2,037,843,000), with a nett accumulated surplus of R46,989,000 (2016 : R67,791,000), with a funding level of 102.6% (30 June 2016 : 103.5%).

Defined Contribution Scheme

The actuarial valuation report at 30 June 2017 indicated that the defined contribution scheme of the fund is in a sound financial position, with a assets amounting to R1,911,937,000 (30 June 2016 : R1,960,970,000), net investment reserve of R0 (30 June 2016 : R0) and with a funding level of 100% (2016 : 100%).

The actuary concluded that :

- The Pensioner account has a funding level of 102.6% with n surplus of R47.0 million and is in a sound financial condition as at the valuation date.
- There is a surplus of R47.0million in The DB Section excluding The surplus in The Pensioner Account. The surplus has been allocated to The Pensioner Account.
- The overall funding level in respect of the DB Section including the Pensioner Account is 101.3% with a surplus of R47.0 million.
- The DC Section has a funding level of 100% and is in n sound Financial condition.
- Overall the fund is in a sound financial condition with n surplus of R47.0 million and the overall funding level of 102.6%.

- The Trustees awarded a 3.3% pension increase effective 1 January 2018.

It is to be noted that :

- All the active members have now all been converted to the DC Section.
- There is no longer any contribution rate shortfall as this only applied to 29 residual DB Section active members, that have now also converted to the DC Section and
- Both the DC Section and the DB Section were fully funded as at the valuation date.

The nature of the assets is suitable for the Fund, except that the proportion of direct property underlying the pensioner liabilities may represent an over-concentration of assets in this class. The assets are appropriately matched relative to the term and nature of the active member liabilities. The Fund's investment strategy is suitable. Finally the risk benefits are partially re-insured and this is appropriate for the size and nature of the Fund.

CONSOLIDATED RETIREMENT FUND FOR LOCAL GOVERNMENT (PREVIOUSLY CAPE JOINT RETIREMENT FUND)

The last statutory valuation was performed as at 30 June 2016 revealed that the assets of the fund amounted to R20,075,000,000 (30 June 2015: R18,322,177,000), with funding levels of 118.0% and 100% (30 June 2015 112.1% and 100%) for the Pensions Account and the Share Account respectively. The Preservation Pension Account showed a surplus of R0 and was 100% funded for both 2016 & 2015. The contribution rate paid by the members (7,50%/9%) and the municipalities (19,50%/18%) is sufficient to fund the benefits accruing from the fund in the future. The actuary certified that the structure of the assets is appropriate relative to the nature of the liabilities, given normal circumstances and that the Fund is in a sound financial condition as at the valuation date.

SALA PENSION FUND

The SALA Pension Fund operates both as a defined benefit and defined contribution scheme.
The last statutory valuation was performed as at 1 July 2016 revealed that the assets of the fund amounted to R13,700,300.00 (30 June 2015 : R13,231,200.00), with funding levels of 100% (30 June 2015: 100%). The highest contribution rate paid by the members was 7.92% and by Council 20.78%.

It is the actuary's opinion that :

- They are satisfied with the investment strategy of the Fund;
- the nature of the assets is, in their opinion, suitable for the nature of the liabilities of the Fund as defined in the Rules of the Fund;
- the matching of assets with the liabilities of the Fund is adequate; and
- the insurance arrangements are appropriate compared to the cover provided can be regarded as financially sound at the valuation date.

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MUNICIPAL COUNCILLORS' PENSION FUND

The Municipal Councillors Pension Fund operates as a defined contribution scheme. The last statutory valuation was performed as at 30 June 2015 and revealed that the assets of the fund amounted to R2,551,861,000 (30 June 2014 : R2,229,410,000), with funding levels of 101.08% (30 June 2014: 98.83%). The contribution rate paid by the members (13,75 %) and council (15 %) is sufficient to fund the benefits accruing from the fund in the future. The Actuary certified that the Fund was in a sound financial condition as at 30 June 2015, in that the assists of the fund were sufficient to cover the accrued service liabilities including the recommended contingency reserves in full.

The appointment of a Curator in terms of section 5(1) of the Financial Institutions (protection of funds) Act 2001 for the whole of the business of the Municipal Councillors Pension Fund was done in December 2017. Due to the provisional curatorship, a short moratorium has been placed on the payment of benefits to members/beneficiaries. In terms of the curatorship order, the Court ordered as follows: 1. The provisional Curatorship order of the 19th December 2017 is made a final; 2. The Curator shall furnish the Registrar of the Pension Fund with progress report; 3. The Curator must deliver a further progress report to the Court by no later than 31st October 2018 which report deals with the status of curatorship as at the 30th September 2018; on the curatorship once every two months.

NATIONAL FUND FOR MUNICIPAL WORKERS

The fund operates as a defined contribution fund and in terms of the rules of the fund category A and category C members contribute at a rate as agreed upon by the Local Authority and the member, subject to an absolute minimum contribution of 2% and 5% of their remuneration respectively. Category C-Members, appointed after 1 July 2012, who are not part of the Schedule shall make monthly contributions to the Fund equal to 7.5% of their Remuneration.
The Local Authority must contribute in respect of category A and category C members such an amount as agreed between the Local Authority and the fund, subject to a minimum contribution rate of 2% and 5% of their remuneration respectively. Category B members are members who belong to both category A and C and the Local Authority must, on behalf of such members, not contribute less than 7% of their remuneration. The contribution rates stipulated above include the amount payable towards the insured risk benefits policy.

The last statutory valuation performed as at 30 June 2015 revealed that the assets of the fund amounted to R10,050,029,000 (30 June 2014 : R10,050,029,000), with funding levels of 100.42% (30 June 2014: 100.10%). The actuary certified that the assets of the fund are sufficient to cover 100.42% of the members' liabilities, also that it can be expected that the funding level of a fund of this nature will fluctuate around 100%, for example due to timing differences in investment and receipt of monies, slight mismatching of assets and liabilities and processing errors.

THE MUNICIPAL WORKERS RETIREMENT FUND (PREVIOUSLY SOUTH AFRICAN MUNICIPAL WORKERS UNION

The Municipal Workers Retirement Fund is a defined contribution scheme. Members contribute at a rate of not less than 7.5% of salaries, as required by the Rules. The employers contribute at a total rate of not less than 18%.From 1 July 2017, members and employers that fall under other bargaining councils or forums are not bound by the above minimum contribution rates. The statutory valuation performed as at 30 June 2017 revealed that the assets of the fund amounted to R7,720,948.000 (30 June 2011 : R6,574,75.00), with funding levels of 102.0% (30 June 2014: 111.7%). As a percentage of members' Fund Credits, the investment smoothing reserve has decreased from 5.6% to 4.9% over the valuation period. As a percentage of the market value of assets, it has decreased marginally from 4.6% to 4.4%.The Fund's assets are sufficient to cover the members' Fund Credits, the targeted levels of the risk benefits reserve and the data and processing error reserve, and an investment smoothing reserve of 4.9% of members' Fund Credits as at 30 June 2017. In addition, there is brought-forward surplus of some R152.8 million which has been allocated to former members and is awaiting payment. The Fund is therefore in a sound financial position.

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	2018 R	Restated 2017 R

50. CONTINGENCIES

Contingent Liabilities

Paarl Print (Pty) Ltd - Destruction of property

Claim for damages	448,819,504	448,819,504

A fire destroyed the Paarl Print property erf 25867, Paarl during September 2009. As a result of this incident, the applicant during March 2012 lodged a claim against the Municipality to the amount of R448,819,503.79. Claim was referred to Council's insurers and notice of intention to defend was lodged by the insurer's legal representatives. A court date has not yet been set. Should Council be unsuccessful in defending the claim, there is a possibility that the claim will be settled. No further action since 2012.

A Maans - Paarl Print

Claim for damages	2,000,000	2,000,000

The Municipality is being sued by the spouse of an employee of Paarl Print who was killed during the Paarl Print fire (refer above). A court date has not yet been set. Should Council be unsuccessful in defending the claim, there is a possibility that the claim will be settled. No further action since 2012. This matter is held in abeyance until judgement is received in a separate case number 2686/2012. The officials from the Municipality have been subpoenaed to provide information as to the fire. Once a decision is made in respect of 2686/2012, the liability of Drakenstein Municipality will be determined for this matter.

LR Brown - Personal injury

	0	10,000

The plaintiff, Lester Ronald Brown is claiming from the Municipality for damages related to soft tissue injury after a part of the railway bridge collapsed. The files has been closed during 2017/18.

R Morris - Damages

	0	83,981

The plaintiff, R Morris is claiming from the Municipality for damages . The Municipality has been cited as the 2nd defendant, after the 1st defendant hit a pot hole and collided into another vehicle. The matter is finalised and file closed during 2017/18.

D Theys - Damages

	356,000	356,000

The plaintiff, D Theys is claiming from the Municipality for damages after hitting a sandbag and then collided with a fence. The matter is being dealt with by the insurer's attorney. Waiting for plaintiff to set the matter down for hearing. The claims of D Theys, OL Veroni and HL Carolissen have now been consolidated into one case.

OL Veroni - Damages

	10,000	10,000

The plaintiff, OL Veroni is claiming from the Municipality for damages after hitting a sandbag and then collided with a fence. The matter is being dealt with by the insurer's attorney. Waiting for plaintiff to set the matter down for hearing. The claims of D Theys, OL Veroni and HL Carolissen have now been consolidated into one case.

HL Carolissen - Damages

	50,000	50,000

The plaintiff, H Carolissen is claiming from the Municipality for damages after hitting a sandbag and then collided with a fence. The matter is being dealt with by the insurer's attorney. Waiting for plaintiff to set the matter down for hearing. The claims of D Theys, OL Veroni and HL Carolissen have now been consolidated into one case.

M De Villiers - Damages

	0	351,639

The matter has been referred to our internal insurer department on 14/12/2015. Attorney firm Visagie Vos has been appointed to act on behalf of Drakenstein Municipality's insurer. Notice of intention to Defend has been filed and the exchange of pleadings has been finalised. It is now for the Plaintiff to apply for a trail date and the waiting period for such a date is approximately 18 months. Waiting or the plaintiff to set the matter down for hearing. It should be noted that the estimated financial exposure of R500,000 (The estimated claim of R350,000 and cost of disbursements of R150,000) belongs to the insurer and not the Municipality per se.

Drakenstein Municipality - Distell Ltd

	138,651	113,651

The plaintiff claims for the amount of R113 650.50 due to payment that was erroneously made on Municipal account. Notice of intention to defend filed at court 27/11/2015. Van der Sluys Builders was joined as a third party. Included in the estimate of financial exposure are costs to the amount of approximately R25,000.

SAMWU obo Abrahams

	162,785	0

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	2018 R	Restated 2017 R
Claim for unfair dismissal by a former employee, Mr Abrahams. Another employee, a Ms Dempers had retracted from the claim. Case is currently awaiting arbitration.		
N Muller	990,713	0
Claim for unfair dismissal by a former employee, Mr N Muller, who was dismissed in December 2017. Case is currently awaiting arbitration .		
M Siebert	9,141	0
The plaintiff, M Siebert is claiming from the Municipality for damages following a collision. The matter is being referred to the Municipality's insurers.		
W Swanepoel	23,147	0
The plaintiff, M Siebert is claiming from the Municipality for damages after driving through a pothole. The matter is being referred to the Municipality's insurers.		
S Hendricks obo R Hendricks	2,736,000	2,736,000
The plaintiff claiming on behalf of her son for general damages; for pain and suffering, loss of amenities of life, disability, and disfigurement and shock. The Municipality is the second respondent.		
Wellington Association Against The Incinerator	100,000	0
Alleged no-compliance to legislation and requested an order to set project aside. Matters are being kept in abeyance pending settlement negotiations. Exposure is represented by estimated legal costs and disbursements that the Municipality may be liable for.		
Vissershok Investment (PTY)LTD; Wilcrest Construction (PTY)LTD	100,000	0
The plaintiff, sought order to the effect that the matter is urgent, that the Municipality be ordered to approve the building plans of various erven, a written undertaking by the MM is given that henceforth compliance with Section 7 of the Act will be had and that the Municipality is to bear the cost of the application on an attorney and own client scale.		
Riaan Nieuwoudt	102,692	0
The plaintiff, The plaintiff claim is for general damages; after the Plaintiff stepped into an uncovered storm water drain and the Plaintiff fell into a manhole.		
Contingent Assets		
WK Construction (Pty) Ltd, Neil Lyners & Associates CC	2,900,047	2,900,047
Claim for damages to a bridge due to negligence from the defendant for the Construction of a bulk sewer at Southern Paarl. The Defendants suggested that the parties investigate a possible settlement and by implication conceded the merits.		
Neil Lyners & Associates CC	4,081,208	4,081,208
Claim for damages during installation of Civil Infrastructure services under contract CES9/2011 Siyahlala. Formal letter of demand was served on the Respondent dated 22/07/2015. Summons was issued. Awaiting a date to appear before a supervising Judge to prepare for trial. Matter still in progress.		

51. *BIOLOGICAL ASSETS*

The Municipality has various species of Proteacea growing on the Paarlberg (Erf 1 Paarl), a National heritage site. Due to the fact that the plants are growing in a nature reserve it is protected by the Nature Conservation Act 19 of 1974 a special permit must be obtained to harvest any seeds produced by these plants. These plant grow wild and is exposed to natural conditions such as fire, furthermore there is no input cost by the municipality in order to enhance the growth of these plants or to control it as what would normally be seen in an agricultural activity. These plants produce seedlings on a yearly basis that can result in plants but the municipality cannot determine the quantity of plants as theses plants are all in different stages of growth. For the reasons above these plants are not recognised and accounted for in terms of GRAP 27, Agriculture. An assessment will be made once GRAP 110, Living and Non-living Resources, become effective as to the applicability thereof on these assets.

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52. DISTRIBUTION LOSSES

	2018 R	Restated 2017 R
WATER		
Reconciliation of water losses		
Kilolitres bought	10,258,258	15,030,894
Kilolitres sold	8,731,928	13,514,543
Total kilolitres lost - technical and non-technical	1,526,330	1,516,351
Kilolitres lost - Technical	1,452,342	1,393,528
Kilolitres lost - Non technical	73,988	122,823
Average value of losses (cost)	387,763	2,166,645
Percentage of losses *	14.88%	10.09%
- Technical	14.16%	9.27%
- Non-technical	0.72%	0.82%
Norm of losses	15.00%	15.00%

Reasons for losses:
Burst pipes
Use of unmetered fire water connections at flat buildings and factories.
Open spaces & sports fields that is still unmetered
Undetected leaks underground
Scouring of mainlines and reservoirs as part of the operational procedure to ensure good water quality

*The water losses per the Annual Financial Statements takes into account water that was metered but not billed. Whereas the Annual Performance Report shows an actual technical water loss of 14.16% (2017: 9.27%), as unbilled metered water is not taken into account.

ELECTRICITY		
Reconciliation of KWh losses		
KWh units bought	720,083,263	735,444,665
KWh units sold	672,402,760	706,090,145
KWh units lost (Technical and Non-technical)	47,680,503	29,354,520
Average value of losses (cost)	41,848,081	25,361,976
Percentage of losses	6.62%	3.99%
Norm of losses	10.00%	10.00%

Reasons for losses:
Technical losses
Unmetered services
Theft

53. REPORTING AGAINST THE FRAMEWORK FOR SCHEDULE 4 OF DORA ALLOCATIONS

Submit project registrations and detail project implementation plans before the prescribed due dates.
Department of Provincial and Local Government is monitoring the overall programme implementation.

54. REGISTERED MIG PROGRAMMES FOR THE 2017/2018 FINANCIAL YEAR

	Received	Expenditure	Closing Balance
Upgrading of Mbekweni B and C Sports Fields	4,645,888	4,645,888	0
Replacement of Strawberry King bulk water	9,271,930	9,271,930	0
11 ML Newton Reservoirs	10,068,724	10,068,724	0
Welvanpas WTW & Outbuildings	8,186,325	8,186,325	0
Wellington WWTW: rehabilitation & extent	9,210,279	9,210,279	0
Street Lighting: Wellington	367,692	367,692	0
PMU	1,000,001	1,000,001	0
	42,750,839	42,750,839	0

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REGISTERED MIG PROGRAMMES FOR THE 2016/2017 FINANCIAL YEAR	Received	2018 R Expenditure	Restated 2017 R Closing Balance
Boy Louw Cloak / ablution facilities netball fields	390,696	390,696	0
Boy Louw Clubhouse / cloakrooms / ablution facility	788,652	788,652	0
Upgrading of Mbekweni B and B sports field	5,790,428	5,790,428	0
Welvanpas WWTW & outbuildings (MIG)	4,880,070	4,880,070	0
5ml Welvanpas reservoir (MIG)	2,000,000	2,000,000	0
11 ml Newton reservoirs (MIG)	1,623,976	1,623,976	0
Replacement of Strawberry King bulk water	5,456,141	5,456,141	0
Wellington WWTW: rehabilitation & extent	4,915,887	4,915,887	0
Wellington WWTW: rehabilitation & extent	2,264,748	2,264,748	0
PMU	1,495,918	1,495,918	0
	29,606,516	29,606,516	0

55. *RECONCILIATION OF BUDGET SURPLUS/(DEFICIT) WITH THE SURPLUS/(DEFICIT) IN THE STATEMENT OF FINANCIAL PERFORMANCE:*

Net surplus/(deficit) per the statement of financial performance	6,764,489
Basis Differences	
Revenue By Source	
Property rates - penalties & collection charges (Surcharges and Taxes*)	(1,453,967)
Service charges - electricity revenue	950,979,182
Service charges - water revenue	193,864,306
Service charges - sanitation revenue	84,208,418
Service charges - refuse revenue	85,033,842
Service charges - other	0
*Service Charges **	(1,292,300,481)
Rental of facilities and equipment (Rental of Fixed Assets*)	(21,892,346)
Interest earned - external investments	21,664,829
Interest earned - outstanding debtors	18,495,977
Fair value adjustments Financial Assets	0
*Finance income and Dividends**	(38,719,750)
Fines	0
Licences and permits	(14,003,007)
Agency services	0
Transfers recognised - operational / (Transfers and Subsidies*)	(155,684,651)
Other revenue (Operational Revenue (Exchange)*)	84,048,278
*Operational Revenue (Non - Exchange)**	(7,825,306)
*Sale of Goods and Rendering of Services**	(10,924,234)
Inventory Surpluses	(22,350)
Gains on disposal of PPE	0
*Fair value adjustments Investment Property**	(3,740,000)
*Gains from assets from non exchange transactions **	4,600,000
Total Revenue (excluding capital transfers and contributions)	**(103,671,263)**
Expenditure By Type	
Debt impairment	(128,105,610)
Impairment losses on financial assets	128,634,998
Impairment Losses	27,983,597
Finance charges (Interest paid *)	7,708,536
Bulk purchases	(634,739,390)
*Bulk Purchases : Electricity **	632,000,521
*Bulk Purchases : Water**	2,738,869
Contracted services	117,328
Other expenditure (Operational Expenditure*)	(76,643,849)
*Operating Leases**	17,135,209
Loss on disposal of PPE (Gains /(losses) on disposal of PPE, IA, IP & HA*)	(28,847,826)
*Fair value adjustments Financial Assets**	4,228
Total Expenditure	**(52,013,388)**
Surplus/(Deficit)	
Transfers recognised - capital	155,684,651
Contributions recognised - capital	
Contributed assets	
Surplus/(Deficit) after capital transfers & contributions	
Net surplus/deficit per approved budget	6,764,489

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	2018 R	Restated 2017 R

Budget basis differences mainly relate to Revenue from Housing Grants and the related Housing operating expenditure where Drakenstein Municipality is regarded as an agent in terms of GRAP amounting to R 79,200. The mSCOA tables and the format of the Budget Schedules as issued by National Treasury are not yet fully aligned to the Standards of GRAP and this is therefore the reason for the disparity in classifications between the 2017/18 Budget and GRAP Annual Financial Statements.

** - Statement of Financial Performance classifications*

56. BUDGET INFORMATION

The budget has been prepared on the accrual basis of accounting in accordance with the prescripts of the Municipal Budget regulations as well as MFMA Budget circulars. In accordance with the Municipal Budget regulations, the classification basis the municipality presents its budget is per economic as well as per functional classification (per Vote (Department) and GFS classification). It should be noted that minor budget differences between the basis the budget is prepared (accrual basis and prescripts of NT guidance) and actual financial results (accrual basis in accordance with GRAP) exists, mainly related to technical GRAP adjustments required. These differences are not material and as the basis of preparation is the same (accrual basis) no restatements have been made to the financial information compared to the budgeted amounts, but where found to be material it is explained in the explanations below:

56.1 Explanation of variances between approved and final budget amounts

The reason for the variances between the approved and final budgets are mainly due to reallocations made within the approved budget parameters allowed for by the Virement Policy of Drakenstein Municipality as approved by Council.

56.2 Explanation of variances greater than 10%: Final Budget and Actual amounts

56.2.1. Statement of financial position

i) Current Assets
- *Inventories*
  Capital spares as identified is excluded from Inventories.
- *VAT Receivables*
  No seperate line item on budget schedules. Budget was included under Receivables from Non-exchange transactions.
- *Cash and cash equivalents*
  Decreased cash and cash equivalents due to increased capital spending.

ii) Non-Current Assets
- *Intangible Assets*
  Impact of disposal and impairment of assets.
- *Heritage Assets*
  No seperate line item on budget schedules. Budget was included under Property, Plant and Equipment.
- *Long-term Receivables*
  Impact of impairment on actual long-term receivables.

iii) Current Liabilities
- *Provisions*
  During the period under review the current provision for landfill site decreased considerably.
- *Payables*
  No line item for *Retirement Benefit Liabilities and Finance Lease Liability* on the regulated budget schedules.
  Budget was included under the above.
- *Unspent Conditional Grants*
  No line item for the above on the regulated budget schedules.
- *Current portion of Retirement Benefit Liabilities*
  No line item for the above on the regulated budget schedules.

iv) Non-current Liabilities
- *Retirement Benefit Liabilities*
  No line item for the above on the regulated budget schedules. Budget was included under "*Non current provisions* ".
- *Non-current Provisions*
  No line item for *Retirement Benefit Liabilities and Finance Lease Liability* on the regulated budget schedules. Budget was included under the above.
- *Finance lease liability*
  No line item for the above on the regulated budget schedules. Budget was included under "*Non current provisions* ".

v) Net Assets
- *Statutory Funds*
  No linte item for the above on the regulated budget schedules. Budget was included under "*Reserves*".
- *Reserves*
  All "Internal" reserves, which forms part of the Accumulated Surplus, were incorrectly included in the above budget.
- *Accumulated Surplus / (Deficit)*
  All "Internal" reserves, which forms part of the Accumulated Surplus, were incorrectly included in the budget for "*Reserves*"

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	2018 R	Restated 2017 R

56.2.2. Statement of financial performance

i) Revenue from Non-exchange Transactions

- *Fines*
  Additional information acquired throughout the year ended in a change in estimate.
- *Transfers recognised - Operational*
  Underspending on the allocation from Department of Human Settlements due to delay in the implementation of top structures.
- *Transfers recognised - Capital*
  Revenue more that budgeted for due to recongnition for Services and assets received in kind.

ii) Revenue from Exchange Transactions

- *Rental of facilities and equipment*
  Increased billing throughout the year .
- *Interest earned - Outstanding Debtors*
  The amount levied was more than the budgeted amount due to the increase in outstanding debtors.

iii) Expenditure

- *Contracted Services*
  Underspending on the allocation from Department of Human Settlements due to delay in the implementation of top structures.
- *Impairment of Financial Assets*
  Increase in outstanding debtors as well as fines resulted in increased contribution for debt impairment.
- *General expenditure*
  Decreased spending on various line items.
- *Loss on Disposal of Property Plant and Equipment*
  Revaluation on land and buildings done every four years resulted in losses being recognised.

57. LICENSES AND PERMITS - AGENCY FEES

Included in licenses and permits is an amount of R12,755,962 (2017: R12,069,198) received from the Department of Transport and Public Works as agency fees for motor vehicle registration and licenses services, the Municipality performs on behalf of the Department of Transport and Public Works.

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APPENDIX A

DRAKENSTEIN MUNICIPALITY : SCHEDULE OF EXTERNAL LOANS AS AT 30 JUNE 2018

EXTERNAL LOANS	Interest Rate	Loan Number	Redeemable Date	Balance at 30 June 2017 R	Received during the period R	Capitalised during the period R	Redeemed/ written off during the period R	Balance at 30 June 2018 R
ANNUITY AND OTHER LOANS								
DBSA	11.47%	103485/4	2019	14,703,321	0	0	6,942,185	7,761,136
DBSA	6.75%	103485/5	2019	3,127,657	0	0	1,511,948	1,615,709
DBSA	10.026%		2024	71,728,832	0	0	7,518,741	64,210,091
DBSA	10.820%		2025	263,221,588	0	0	20,278,433	242,943,155
DBSA	9.970%	1200 8089/2	2028	0	120,000,000	0	0	120,000,000
DBSA	9.791%	1200 8089/1	2028	0	150,000,000	0	0	150,000,000
DBSA	10.700%	1200 8089/3	2028	0	100,943,285	0	0	100,943,285
NEDBANK	12.65%	4979354-0001	2018	16,049,361	0	0	16,049,361	0
NEDBANK	10.64%	7831030646-0001	2021	38,608,022	0	0	8,206,631	30,401,391
NEDBANK	8.63%	7831030646-0003	2019	9,200,101	0	0	4,402,809	4,797,292
NEDBANK	9.14%	7831030646-0004	2022	75,509,843	0	0	12,493,713	63,016,130
NEDBANK	8.79%	7831030646-0007	2018	9,119,996	0	0	9,119,996	0
NEDBANK	9.93%	7831030646-0010	2025	171,918,595	0	0	14,943,555	156,975,040
NEDBANK	8.74%	7831030646-0009	2018	738,136	0	0	738,136	0
ABSA BANK	9.40%	38-723-1263	2020	3,403,559	0	0	1,032,247	2,371,312
ABSA BANK	9.21%	40-8130-6651	2020	8,607,090	0	0	2,615,146	5,991,944
ABSA BANK	9.15%	38-723-1262	2019	7,815,651	0	0	3,733,128	4,082,523
STANDARD BANK	9.94%	023-157-917	2019	4,669,415	0	0	2,221,855	2,447,560
STANDARD BANK	10.26%	023-157-909	2021	5,339,511	0	0	1,143,048	4,196,464
STANDARD BANK	10.08%	07-218-4426	2023	41,323,441	0	0	5,311,902	36,011,538
STANDARD BANK	10.40%	07-215-4411	2020	20,037,018	0	0	6,014,741	14,022,276
STANDARD BANK	9.36%	07-221-4600	2020	4,157,770	0	0	1,255,121	2,902,649
STANDARD BANK	9.68%	07-221-4325	2022	4,560,171	0	0	739,878	3,820,293
STANDARD BANK	10.12%	072-221-4287	2027	413,221,763	84,982,034	0	31,139,596	467,064,201
STANDARD BANK	9.63%	410-682-101	2021	0	5,250,000	0	0	5,250,000
STANDARD BANK	9.87%	410-683-566	2023	0	13,806,715	0	0	13,806,715
INCA	10.03%	055-0012-5411	2018	3,427,524	0	0	3,427,524	(0)
TOTAL ANNUITY LOANS AND OTHER				**1,190,488,364**	**474,982,034**	**0**	**160,839,692**	**1,504,630,706**
TOTAL EXTERNAL LOANS				**1,190,488,364**	**474,982,034**	**0**	**160,839,692**	**1,504,630,706**

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APPENDIX B1

RECONCILIATION OF BUDGETED FINANCIAL PERFORMANCE (REVENUE AND EXPENDITURE BY STANDARD CLASSIFICATION)

DESCRIPTION	2017/2018										
	ORIGINAL BUDGET	BUDGET ADJUSTMENTS (i.t.o. s28 and s31 of the MFMA)	ADJUSTED BUDGET	SHIFTING OF FUNDS (i.t.o. s31 of the MFMA)	ADJUSTMENTS (i.t.o. Council approved by law)	FINAL BUDGET	ACTUAL OUTCOME	UNAUTHORISED EXPENDITURE	VARIANCE	ACTUAL OUTCOME AS % OF FINAL BUDGET	ACTUAL OUTCOME AS % OF ORIGINAL BUDGET
	1	2	3	4	5	6	7	8	9	10	11
REVENUE - STANDARD											
GOVERNANCE AND ADMINISTRATION	**321,214,214**	**(17,802,079)**	**303,412,135**	**0**	**0**	**303,412,135**	**295,279,142**	**0**	**(8,132,993)**	**97.3%**	**91.9%**
Executive and Council	22,558,235	0	22,558,235	0	0	22,558,235	22,159,939	0	(398,296)	98.2%	98.2%
Finance and Administration	298,655,979	(17,802,079)	280,853,900	0	0	280,853,900	273,119,202	0	(7,734,698)	97.2%	91.4%
Internal Audit	0	0	0	0	0	0	0	0	0	0.0%	0.0%
COMMUNITY AND PUBLIC SAFETY	**120,555,409**	**6,962,869**	**127,518,278**	**0**	**0**	**127,518,278**	**88,438,497**	**0**	**(39,079,781)**	**69.4%**	**73.4%**
Community and Social Services	3,099,581	(331,732)	2,767,849	0	0	2,767,849	3,393,308	0	625,459	122.6%	109.5%
Sport and Recreation	4,241,431	0	4,241,431	0	0	4,241,431	3,248,165	0	(993,266)	76.6%	76.6%
Public Safety	350,734	0	350,734	0	0	350,734	382,255	0	31,521	109.0%	109.0%
Housing	112,863,663	7,294,601	120,158,264	0	0	120,158,264	81,414,769	0	(38,743,495)	67.8%	72.1%
Health	0	0	0	0	0	0	0	0	0	0.0%	0.0%
ECONOMIC AND ENVIRONMENTAL SERVICES	**119,465,956**	**10,491,788**	**129,957,744**	**0**	**0**	**129,957,744**	**152,784,879**	**0**	**22,827,135**	**117.6%**	**127.9%**
Planning and Development	1,033,099	0	1,033,099	0	0	1,033,099	131,026	0	(902,073)	12.7%	12.7%
Road Transport	118,432,857	10,491,788	128,924,645	0	0	128,924,645	152,653,853	0	23,729,208	118.4%	128.9%
Environmental Protection	0	0	0	0	0	0	0	0	0	0.0%	0.0%
TRADING SERVICES	**1,640,627,268**	**(35,434,677)**	**1,605,192,591**	**0**	**0**	**1,605,192,591**	**1,557,434,017**	**0**	**(47,758,574)**	**97.0%**	**94.9%**
Energy Sources	1,088,109,648	(24,827,891)	1,063,281,757	0	0	1,063,281,757	1,044,901,695	0	(18,380,062)	98.3%	96.0%
Water Management	234,543,123	19,703,336	254,246,459	0	0	254,246,459	230,487,896	0	(23,758,563)	90.7%	98.3%
Waste Water Management	159,230,233	(2,128,306)	157,101,927	0	0	157,101,927	154,599,350	0	(2,502,577)	98.4%	97.1%
Waste Management	158,744,264	(28,181,816)	130,562,448	0	0	130,562,448	127,445,076	0	(3,117,372)	97.6%	80.3%
Other	0	0	0		0	0	0	0	0	0.0%	0.0%
TOTAL REVENUE - STANDARD	**2,201,862,847**	**(35,782,099)**	**2,166,080,748**	**0**	**0**	**2,166,080,748**	**2,093,936,535**	**0**	**(72,144,213)**	**96.7%**	**95.1%**
EXPENDITURE - STANDARD											
GOVERNANCE AND ADMINISTRATION	**313,599,595**	**(5,301,635)**	**308,297,960**	**0**	**19,939,000**	**328,236,960**	**311,883,843**	**0**	**16,353,117**	**95.0%**	**99.5%**
Executive and Council	88,867,366	(20,220,332)	68,647,034	0	7,607,000	76,254,034	65,432,205	0	10,821,829	85.8%	73.6%
Finance and Administration	221,130,885	14,732,462	235,863,347	0	12,332,000	248,195,347	243,634,570	0	4,560,777	98.2%	110.2%
Internal Audit	3,601,344	186,235	3,787,579	0	0	3,787,579	2,817,068	0	970,511	74.4%	78.2%
COMMUNITYNAND PUBLIC SAFETY	**299,941,086**	**(14,032,109)**	**285,908,977**	**0**	**(878,123)**	**285,030,854**	**234,915,685**	**0**	**50,115,169**	**82.4%**	**78.3%**
Community and Social Services	36,437,039	1,368,214	37,805,253	0	(887,500)	36,917,753	33,477,126	0	3,440,627	90.7%	91.9%
Sport and Recreation	79,135,796	6,230,429	85,366,225	0	(465,623)	84,900,602	80,863,917	0	4,036,685	95.2%	102.2%
Public Safety	36,361,651	423,029	36,784,680	0	475,000	37,259,680	36,220,094	0	1,039,586	97.2%	99.6%
Housing	148,006,600	(22,053,781)	125,952,819	0	0	125,952,819	84,354,547	0	41,598,272	67.0%	57.0%
Health	0	0	0	0	0	0	0	0	0	0.0%	0.0%
ECONOMIC AND ENVIROMENTAL SERVICES	**246,757,756**	**20,415,771**	**267,173,527**	**0**	**17,898,870**	**285,072,397**	**284,726,250**	**0**	**346,147**	**99.9%**	**115.4%**
Planning and Development	25,096,577	4,265,378	29,361,955	0	0	29,361,955	28,042,567	0	1,319,388	95.5%	111.7%
Road Transport	220,717,615	16,095,134	236,812,749	0	17,898,870	254,711,619	255,706,363	0	(994,744)	100.4%	115.9%
Environmental Protection	943,564	55,259	998,823	0	0	998,823	977,321	0	21,502	0.0%	0.0%
TRADING SERVICES	**1,322,394,937**	**(11,932,730)**	**1,310,462,207**	**0**	**(36,959,747)**	**1,273,502,460**	**1,255,646,268**	**0**	**17,856,192**	**98.6%**	**95.0%**
Energy Sources	881,873,031	8,064,185	889,937,216	0	(28,773,370)	861,163,846	857,040,739	0	4,123,107	99.5%	97.2%
Water Management	144,105,764	(12,926,175)	131,179,589	0	(1,653,377)	129,526,212	128,900,031	0	626,181	99.5%	89.4%
Waste Water Management	150,938,131	(6,212,000)	144,726,131	0	(1,400,000)	143,326,131	141,087,997	0	2,238,134	98.4%	93.5%
Waste Management	145,478,011	(858,740)	144,619,271	0	(5,133,000)	139,486,271	128,617,501	0	10,868,770	92.2%	88.4%
Other	0	0	0	0	0	0	0	0	0		
TOTAL - EXPENDITURE - STANDARD	**2,182,693,374**	**(10,850,703)**	**2,171,842,671**	**0**	**0**	**2,171,842,671**	**2,087,172,045**	**0**	**84,670,626**	**96.1%**	**95.6%**
SURPLUS/(DEFECIT) FOR THE YEAR	**19,169,473**	**(24,931,396)**	**(5,761,923)**	**0**	**0**	**(5,761,923)**	**6,764,489**	**0**	**(12,526,412)**	**-117.4%**	**35.3%**

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APPENDIX B2

RECONCILIATION OF BUDGETED FINANCIAL PERFORMANCE (REVENUE AND EXPENDITURE BY MUNICIPAL VOTE)

DESCRIPTION	2017/2018										
	ORIGINAL BUDGET	BUDGET ADJUSTMENTS (i.t.o. s28 and s31 of the MFMA)	ADJUSTED BUDGET	SHIFTING OF FUNDS (i.t.o. s31 of the MFMA)	ADJUSTMENTS (i.t.o. Council approved by law)	FINAL BUDGET	ACTUAL OUTCOME	UNAUTHORISED EXPENDITURE	VARIANCE	ACTUAL OUTCOME AS % OF FINAL BUDGET	ACTUAL OUTCOME AS % OF ORIGINAL BUDGET
	1	2	3	4	5	6	7	8	9	10	11
Revenue by Vote											
Office of the City Manager	0	0	0	0	0	0	0	0	0	0.0%	0.0%
Corporate Services	26,058,157	0	26,184,157	0	0	26,184,157	19,067,394	0	7,116,763	72.8%	73.2%
Community Services	373,703,778	0	112,341,556	0	0	112,341,556	136,192,191	0	(23,850,635)	121.2%	36.4%
Financial Services	267,451,464	0	251,216,800	0	0	251,216,800	250,845,993	0	370,807	99.9%	93.8%
Planning and Economic Development	8,542,468	0	126,921,668	0	0	126,921,668	86,687,059	0	40,234,609	68.3%	1014.8%
Engineering Services	1,526,106,980	0	1,649,416,567	0	0	1,649,416,567	1,601,143,898	0	48,272,669	97.1%	104.9%
Internal Audit	0	0	0	0	0	0	0	0	0	0.0%	0.0%
Risk Management	0	0	0	0	0	0	0	0	0	0.0%	0.0%
IDP and Performance Management	0	0	0	0	0	0	0	0	0	0.0%	0.0%
Communication & Marketing	0	0	0	0	0	0	0	0	0	0.0%	0.0%
Total Revenue by Vote	2,201,862,847	0	2,166,080,748	0	0	2,166,080,748	2,093,936,535	0	72,144,213	96.7%	95.1%
Expenditure by Vote to be appropriated											
Office of the City Manager	9,814,145	0	(345,658)	0	114,500	(231,158)	(239,539)	0	8,381	103.6%	-2.4%
Corporate Services	107,191,997	0	130,545,966	0	(5,477,000)	125,068,966	124,133,453	0	935,513	99.3%	115.8%
Community Services	572,357,339	0	294,067,665	0	16,137,247	310,204,912	303,386,695	0	6,818,217	97.8%	53.0%
Financial Services	72,759,720	0	58,923,614	0	18,173,000	77,096,614	76,137,168	0	959,446	98.8%	104.6%
Planning and Economic Development	44,429,023	0	176,733,145	0	0	176,733,145	130,245,682	0	46,487,463	73.7%	293.2%
Engineering Services	1,376,141,150	0	1,501,463,209	0	(28,947,747)	1,472,515,462	1,446,031,544	0	26,483,918	98.2%	105.1%
Internal Audit	0	0	3,787,579	0	0	3,787,579	2,817,068	0	970,511	74.4%	0.0%
Risk Management	0	0	2,505,964	0	0	2,505,964	1,907,373	0	598,591	76.1%	0.0%
IDP and Performance Management	0	0	1,605,269	0	0	1,605,269	1,178,669	0	426,600	73.4%	0.0%
Communication & Marketing	0	0	2,555,918	0	0	2,555,918	1,573,931	0	981,987	61.6%	0.0%
Total Expenditure by Vote	2,182,693,374	0	2,171,842,671	0	0	2,171,842,671	2,087,172,045	0	84,670,626	96.1%	95.6%
Surplus/(Deficit) for the year	19,169,473	0	(5,761,923)	0	0	(5,761,923)	6,764,489	0	(12,526,412)	-117.4%	35.3%

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APPENDIX B3

RECONCILIATION OF BUDGETED FINANCIAL PERFORMANCE (REVENUE AND EXPENDITURE) (APROPRIATION STATEMENT)

	2017/2018										
DESCRIPTION	ORIGINAL BUDGET	BUDGET ADJUSTMENTS (i.t.o. s28 and s31 of the MFMA)	FINAL ADJUSTMENTS BUDGET	SHIFTING OF FUNDS (i.t.o. s31 of the MFMA)	VIREMENT (i.t.o. Council approved by law)	FINAL BUDGET	ACTUAL OUTCOME	UNAUTHORISED EXPENDITURE	VARIANCE	AUCTUAL OUTCOME AS % OF FINAL BUDGET	AUCTUAL OUTCOME AS % OF ORIGINAL BUDGET
	1	2	3	4	5	6	7	8	9	10	11
Revenue By Source											
Property rates	248,065,913	(1,619,177)	246,446,736	0	0	246,446,736	245,517,386	0	929,350	99.6%	99.0%
Service charges - electricity revenue	1,041,773,629	(72,464,531)	969,309,098	0	0	969,309,098	950,979,182	0	18,329,916	98.1%	91.3%
Service charges - water revenue	206,577,820	17,063,536	223,641,356	0	0	223,641,356	193,864,306	0	29,777,050	86.7%	93.8%
Service charges - sanitation revenue	108,112,365	(17,554,366)	90,557,999	0	0	90,557,999	84,208,418	0	6,349,581	93.0%	77.9%
Service charges - refuse revenue	120,940,260	(28,441,004)	92,499,256	0	0	92,499,256	85,033,842	0	7,465,414	91.9%	70.3%
Service charges - other	0	0	0	0	0	0	0	0	0	0.0%	0.0%
Rental of facilities and equipment	27,767,923	(23,560,775)	4,207,148	0	0	4,207,148	8,580,961	0	(4,373,813)	204.0%	30.9%
Interest earned - external investments	21,340,000	0	21,340,000	0	0	21,340,000	21,664,829	0	(324,829)	101.5%	101.5%
Interest earned - outstanding debtors	13,231,462	1,513,713	14,745,175	0	0	14,745,175	18,495,977	0	(3,750,802)	125.4%	139.8%
Dividends received	0	0	0	0	0	0	0	0	0	0.0%	0.0%
Fines	59,309,968	10,491,788	69,801,756	0	0	69,801,756	92,938,480	0	(23,136,724)	133.1%	156.7%
Licences and permits	16,971,823	(13,285,315)	3,686,508	0	0	3,686,508	3,326,097	0	360,411	90.2%	19.6%
Agency services	0	0	0	0	0	0	0	0	0	0.0%	0.0%
Transfers recognised - operational	219,262,034	(8,505,000)	210,757,034	0	0	210,757,034	152,319,538	0	58,437,496	72.3%	69.5%
Other revenue	23,503,650	60,960,281	84,463,931	0	0	84,463,931	87,743,290	0	(3,279,359)	103.9%	373.3%
Inventory Surpluses	0	0	0	0	0	0	0	0	0	0.0%	0.0%
Gains on disposal of PPE	250,000	0	250,000	0	0	250,000	(11,311,420)	0	11,561,420	-4524.6%	-4524.6%
Gains from assets from non exchange transactions	0	0	0	0	0	0	4,891,000	0	(4,891,000)	0.0%	0.0%
Total Revenue (excluding capital transfers and contributions)	**2,107,106,847**	**(75,400,850)**	**2,031,705,997**	**0**	**0**	**2,031,705,997**	**1,938,251,884**	**0**	**93,454,113**	**95.4%**	**92.0%**
Expenditure By Type											
Employee related costs	543,308,597	(11,655,357)	531,653,240	0	0	567,514,037	567,468,315	0	45,722	100.0%	104.4%
Councillor related costs	29,091,494	370,168	29,461,662	0	0	29,461,662	28,062,166	0	1,399,496	95.2%	96.5%
Debt Impairment	78,138,294	16,281,483	94,419,777	0	0	94,419,777	128,105,610	0	(33,685,833)	135.7%	163.9%
Depreciation & asset impairment	190,506,431	0	190,506,431	0	0	188,506,431	186,526,978	0	1,979,453	98.9%	97.9%
Impairment Losses	0	0	0	0	0	0	0	0	0	0.0%	0.0%
Finance charges	119,635,859	6,097,376	125,733,235	0	0	125,733,235	124,741,177	0	992,058	99.2%	104.3%
Bulk purchases	674,838,413	(10,364,177)	664,474,236	0	0	650,360,436	634,739,390	0	15,621,046	97.6%	94.1%
Other materials	0	40,116,221	40,116,221	0	0	39,821,221	38,322,172	0	1,499,049	96.2%	0.0%
Contracted services	154,703,347	97,825,779	252,529,126	0	0	252,768,750	180,451,426	0	72,317,324	71.4%	116.6%
Transfers and grants	6,890,531	4,552,731	11,443,262	0	0	11,443,262	10,531,922	0	911,340	92.0%	152.8%
Other expenditure	383,580,408	(169,074,927)	214,505,481	0	0	192,813,860	159,375,065	0	33,438,795	82.7%	41.5%
Loss on disposal of PPE	2,000,000	15,000,000	17,000,000	0	0	19,000,000	28,847,826	0	(9,847,826)	151.8%	1442.4%
Total Expenditure	**2,182,693,374**	**(10,850,703)**	**2,171,842,671**	**0**	**0**	**2,171,842,671**	**2,087,172,045**	**0**	**84,670,626**	**96.1%**	**95.6%**
Surplus/(Deficit)	**(75,586,527)**	**(64,550,147)**	**(140,136,674)**	**0**	**0**	**(140,136,674)**	**(148,920,162)**	**0**	**8,783,488**	**106.3%**	**197.0%**
Transfers recognised - capital	94,756,000	39,618,751	134,374,751	0	0	134,374,751	155,684,651	0	(21,309,900)	115.9%	164.3%
Surplus/(Deficit) after capital transfers & contributions	**19,169,473**	**(24,931,396)**	**(5,761,923)**	**0**	**0**	**(5,761,923)**	**6,764,489**	**0**	**(12,526,412)**	**-117.4%**	**35.3%**
Surplus/(Deficit) for the year	**19,169,473**	**(24,931,396)**	**(5,761,923)**	**0**	**0**	**(5,761,923)**	**6,764,489**	**0**	**(12,526,412)**	**-117.4%**	**35.3%**

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APPENDIX B4
RECONCILIATION OF BUDGETED CAPITAL EXPENDITURE BY VOTE, STANDARD CLASSIFICATION AND FUNDING

	2017/2018										
DESCRIPTION	ORIGINAL BUDGET	BUDGET ADJUSTMENTS (i.t.o. s28 and s31 of the MFMA)	FINAL ADJUSTMENTS BUDGET	SHIFTING OF FUNDS (i.t.o. s31 of the MFMA)	VIREMENT (i.t.o. Council approved by law)	FINAL BUDGET	ACTUAL OUTCOME	UNAUTHORISED EXPENDITURE	VARIANCE	ACTUAL OUTCOME AS % OF FINAL BUDGET	ACTUAL OUTCOME AS % OF ORIGINAL BUDGET
	1	2	3	4	5	6	7	8	9	10	11
Capital expenditure - Vote											
Multi-year expenditure											
Office of the City Manager	10,218,379	(10,113,794)	104,585	0	(9,175)	95,410	89,406	0	6,004	93.7%	0.9%
Corporate Services	13,420,000	(12,036,464)	1,383,536	0	168,787	1,552,323	1,546,286	0	6,037	99.6%	11.5%
Community Services	29,141,548	(17,561,339)	11,580,209	0	(267,048)	11,313,161	11,303,791	0	9,370	99.9%	38.8%
Financial Services	1,500,000	1,120,546	2,620,546	0	0	2,620,546	2,618,531	0	2,015	99.9%	174.6%
Planning and Economic Development	827,812	22,860,696	23,688,508	0	0	23,688,508	23,688,507	0	1	100.0%	2861.6%
Engineering Services	510,154,967	(130,066,242)	380,088,725	0	(27,565)	380,061,160	380,037,173	0	23,987	100.0%	74.5%
Department of the Chief Audit Executive	0	0	0	0	0	0	0	0	0	0.0%	0.0%
Department of Risk & Compliance	0	0	0	0	0	0	0	0	0	0.0%	0.0%
Department of IDP & PMS	0	0	0	0	0	0	0	0	0	0.0%	0.0%
Department of Communication	0	0	0	0	0	0	0	0	0	0.0%	0.0%
Capital multi-year expenditure sub-total	**565,262,706**	**(145,796,597)**	**419,466,109**	**0**	**(135,001)**	**419,331,108**	**419,283,694**	**0**	**47,414**	**100.0%**	**74.2%**
Single-year expenditure											
Office of the City Manager	0	9,175	9,175	0	0	9,175	9,175	0	0	100.0%	0.0%
Corporate Services	0	12,954,074	12,954,074	0	0	12,954,074	12,133,553	0	820,521	93.7%	0.0%
Community Services	27,382,456	(5,860,145)	21,522,311	0	0	21,522,311	21,087,357	0	434,954	98.0%	77.0%
Financial Services	0	1,266,971	1,266,971	0	0	1,266,971	1,232,412	0	34,559	97.3%	0.0%
Planning and Economic Development	3,800,000	4,579,871	8,379,871	0	0	8,379,871	8,369,801	0	10,070	99.9%	220.3%
Engineering Services	36,696,381	154,432,128	191,128,509	0	0	191,128,509	190,776,162	0	352,347	99.8%	519.9%
Department of the Chief Audit Executive	0		10,068	0	0	10,068	10,068	0	0	100.0%	0.0%
Department of Risk & Compliance	0		30,195	0	0	30,195	30,194	0	1	100.0%	0.0%
Department of IDP & PMS	0		0	0	0	0	0	0	0	0.0%	0.0%
Department of Communication	0		46,715	0	0	46,715	45,728	0	987	97.9%	0.0%
Capital single-year expenditure sub-total	**67,878,837**	**167,382,074**	**235,347,889**	**0**	**0**	**235,347,889**	**233,694,449**	**0**	**1,653,440**	**99.3%**	**344.3%**
Total Capital Expenditure - Vote	**633,141,543**	**21,585,477**	**654,813,998**	**0**	**(135,001)**	**654,678,997**	**652,978,143**	**0**	**1,700,854**	**99.7%**	**103.1%**
Capital Expenditure - Standard											
Governance and administration	**38,356,177**	**16,275,832**	**54,632,009**	**0**	**283,454**	**54,915,463**	**53,979,395**	**0**	**936,068**	**98.3%**	**140.7%**
Executive and Council	14,838,379	(10,857,974)	3,980,405	0	(6,000)	3,974,405	3,633,010	0	341,395	91.4%	24.5%
Finance and Administration	23,517,798	27,123,738	50,641,536	0	289,454	50,930,990	50,336,317	0	594,673	98.8%	214.0%
Internal Audit	0	10,068	10,068	0	0	10,068	10,068	0	0	100.0%	0.0%
Community and public safety	**53,041,548**	**5,795,658**	**58,837,206**	**0**	**305,302**	**59,142,508**	**58,726,109**	**0**	**416,399**	**99.3%**	**110.7%**
Community and Social Services	3,882,994	7,741,107	11,624,101	0	0	11,624,101	11,566,699	0	57,402	99.5%	297.9%
Sport and Recreation	27,058,554	(10,867,565)	16,190,989	0	305,302	16,496,291	16,445,517	0	50,774	99.7%	60.8%
Public Safety	0	313,164	313,164	0	0	313,164	5,543	0	307,621	1.8%	0.0%
Housing	22,100,000	8,608,952	30,708,952	0	0	30,708,952	30,708,351	0	601	100.0%	139.0%
Health	0	0	0	0	0	0	0	0	0	0.0%	0.0%

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APPENDIX B4
RECONCILIATION OF BUDGETED CAPITAL EXPENDITURE BY VOTE, STANDARD CLASSIFICATION AND FUNDING

Economic and environmental services	**70,544,649**	**(5,060,020)**	**65,484,629**	**0**	**(305,302)**	**65,179,327**	**65,154,456**	**0**	**24,871**	**100.0%**	**92.4%**
Planning and Development	250,000	(117,146)	132,854	0	0	132,854	132,534	0	320	99.8%	53.0%
Road Transport	69,994,649	(4,948,176)	65,046,473	0	0	65,046,473	65,021,923	0	24,550	100.0%	92.9%
Enviromental Protection	300,000	5,302	305,302	0	(305,302)	0	0	0	0	0.0%	0.0%
Trading services	**471,199,169**	**4,525,984**	**475,725,153**	**0**	**(283,454)**	**475,441,699**	**475,118,184**	**0**	**323,515**	**99.9%**	**100.8%**
Energy Sources	97,660,450	48,395,204	146,055,654	0	(283,454)	145,772,200	145,641,968	0	130,232	99.9%	149.1%
Water Management	116,792,777	(9,212,480)	107,580,297	0	0	107,580,297	107,563,292	0	17,005	100.0%	92.1%
Waste Water Management	256,745,942	(50,408,036)	206,337,906	0	0	206,337,906	206,320,268	0	17,638	100.0%	80.4%
Waste Management	0	15,751,296	15,751,296	0	0	15,751,296	15,592,655	0	158,641	99.0%	0.0%
Other	0	0	0	0	0	0	0	0	0	0.0%	0.0%
Total Capital Expenditure - Standard	**633,141,543**	**21,537,454**	**654,678,997**	**0**	**0**	**654,678,997**	**652,978,143**	**0**	**1,700,854**	**99.7%**	**103.1%**
Funded by:											
National Government	33,955,262	16,738,384	50,693,646	0	(4,162,152)	46,531,494	46,531,490	0	4	100.0%	137.0%
Provincial Government	50,392,105	20,610,133	71,002,238	0	4,445,607	75,447,845	75,438,214	0	9,631	100.0%	149.7%
District Municipality	0	0	0	0	0	0	0	0	0	0.0%	0.0%
Other transfers and grants	0	0	0	0	0	0	0	0	0	0.0%	0.0%
Transfers recognised - capital	**84,347,367**	**37,348,517**	**121,695,884**	**0**	**283,455**	**121,979,339**	**121,969,703**	**0**	**9,636**	**100.0%**	**144.6%**
Public contributions & donations	0	0	0	0	0	0	0	0	0	0.0%	0.0%
Borrowing	508,794,176	(31,477,006)	477,317,170	0	(283,454)	477,033,716	475,935,304	0	1,098,412	99.8%	93.5%
Internally generated funds	40,000,000	15,665,943	55,665,943	0	(1)	55,665,942	55,073,136	0	592,806	98.9%	137.7%
Total Capital Funding	**633,141,543**	**21,537,454**	**654,678,997**	**0**	**0**	**654,678,997**	**652,978,143**	**0**	**1,700,854**	**99.7%**	**103.1%**

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APPENDIX B5
RECONCILIATION OF BUDGETED CASH FLOW

Description	2017/2018							
	Original Budget	Budget Adjustments (i.t.o. s28)	Final adjustments budget	Final Budget	Actual Outcome	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget
	1	2	3	6	7	9	10	11
CASH FLOW FROM OPERATING ACTIVITIES								
Receipts								
Ratepayers and other	1,648,004,177	23,897,588	1,671,901,765	1,671,901,765	1,499,527,256	172,374,509	89.7%	91.0%
Government - operating	182,601,418	(14,440,000)	168,161,418	168,161,418	183,160,964	(14,999,546)	108.9%	100.3%
Government - capital	57,546,082	1,263,000	58,809,082	58,809,082	134,666,895	(75,857,813)	0.0%	234.0%
Interest	27,063,569	4,000,000	31,063,569	31,063,569	38,704,630	(7,641,061)	124.6%	143.0%
Dividends	15,120	0	15,120	15,120	15,120	0	0.0%	0.0%
Payments								
Suppliers and employees	(1,583,699,969)	14,533,782	(1,569,166,187)	(1,569,166,187)	(1,441,625,657)	(127,540,530)	91.9%	91.0%
Finance charges	(89,108,928)	(6,619,760)	(95,728,688)	(95,728,688)	(124,741,177)	29,012,489	130.3%	140.0%
Transfers and Grants	(736,170)	0	(736,170)	(736,170)	(10,531,922)	9,795,752	1430.6%	1430.6%
NET CASH FROM/(USED) OPERATING ACTIVITIES	**241,685,298**	**22,634,610**	**264,319,908**	**264,319,908**	**279,176,109**	**(14,856,201)**	**105.6%**	**115.5%**
CASH FLOWS FROM INVESTING ACTIVITIES								
Receipts								
Proceeds on disposal of PPE	250,000	0	250,000	250,000	0	250,000	0.0%	0.0%
Decrease (increase) other non-current receivables	14,000	0	14,000	14,000	911,165	(897,165)	6508.3%	6508.3%
Payments								
Capital assets	(574,700,209)	135,255,682	(709,955,891)	(709,955,891)	(657,160,116)	(52,795,775)	92.6%	114.3%
NET CASH FROM/(USED) INVESTING ACTIVITIES	**(574,436,209)**	**135,255,682**	**(709,691,891)**	**(709,691,891)**	**(656,248,951)**	**(53,442,940)**	**92.5%**	**114.2%**
CASH FLOWS FROM FINANCING ACTIVITIES								
Receipts								
Borrowing long term/refinancing	506,922,000	0	506,922,000	506,922,000	314,142,342	192,779,658	62.0%	62.0%
Increase / (decrease) in consumer deposits	2,919,392	0	2,919,392	2,919,392	2,012,399	906,993	68.9%	68.9%
Increase / (decrease) in lease liability	0	0	0	0	737,495	(737,495)	0.0%	0.0%
Payments								
Repayment of borrowing	(132,104,369)	0	(132,104,369)	(132,104,369)	0	(132,104,369)	0.0%	0.0%
NET CASH FROM/(USED) FINANCING ACTIVITIES	**377,737,023**	**0**	**377,737,023**	**377,737,023**	**316,892,236**	**60,844,787**	**83.9%**	**83.9%**
NET INCREASE/ (DECREASE) IN CASH HELD	**44,986,113**	**157,890,292**	**(67,634,959)**	**(67,634,959)**	**(60,180,606)**	**(7,454,354)**	**-2%**	**-82%**
Cash/cash equivalents at the year begin:	140,988,688	(220,547,787)	361,536,475	361,536,475	289,280,521	72,255,955	80.0%	205.2%
Cash/cash equivalents at the year end:	185,974,801	(107,926,715)	293,901,516	293,901,516	229,099,916	(7,454,354)	78.0%	123.2%

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APPENDIX C
DISCLOSURES OF GRANTS AND SUBSIDIES IN TERMS OF SECTION 123 OF THE MFMA, 56 OF 2003

DESCRIPTION	FUNDER	OPENING BALANCE 1 JULY 2017	ADJUSTMENTS	REVISED OPENING BALANCE	QUARTERLY RECEIPTS					QUARTERLY EXPENDITURE (CAPITAL & OPERATING)					CLOSING BALANCE 30 JUNE 2018
					SEPTEMBER	DECEMBER	MARCH	JUNE	Total	SEPTEMBER	DECEMBER	MARCH	JUNE	Total	
		R	R	R	R	R	R	R	R	R	R	R	R	R	R
NATIONAL GOVERNMENT (UNCONDITIONAL GRANT)															
G/F : EQUITABLE SHARE	National Government	1	0	0.90	(50,343,000)	0	(39,955,000)	(30,523,000)	(120,821,000)	24,648,104	30,601,890	31,725,492	33,845,513	120,821,000	1
		1	0	0.90	(50,343,000)	0	(39,955,000)	(30,523,000)	(120,821,000)	24,648,104	30,601,890	31,725,492	33,845,513	120,821,000	1
NATIONAL GOVERNMENT (CONDITIONAL GRANT)															
G/F : MIG PROJECTS	National Government	0	0	0.00	(5,200,000)	0	(23,382,000)	(20,127,000)	(48,709,000)	11,500,707	9,862,962	892,060	26,453,272	48,709,001	1
G/F : BUDGET REFORM PROGRAMME NATIONAL TREASURY	National Government	0	0	0.00	(1,550,000)	0	0	0	(1,550,000)	165,100	231,182	428,211	725,508	1,550,000	0
G/F : EPWP TOEKENING VIR INFRASTRUKPROJEKT CWL	National Government	0	0	0.00	0	(1,105,000)	(1,351,000)	0	(2,456,000)	0	0	0	2,456,000	2,456,000	0
G/F : ELEKT MASTERPLAN (ROLL OVER)	National Government	(318,155)	0	(318,154.69)	0	0	0	318,000	318,000	316,404	0	0	(316,404)	0	(155)
G/F : ELECTRIFICATION FUNDING (INEP ROLL OVER)	National Government	(1,011,231)	0	(1,011,231.37)	0	0	0	0	0	0	296,072	590,973	124,186	1,011,231	(0)
G/F : ELECTRIFICATION FUNDING (INEP)	National Government	0	0	0.00		(1,000,000)	0	(3,000,000)	(4,000,000)	70,532	2,297,288	440,158	1,192,017	3,999,996	(4)
		(1,329,386)	0	(1,329,386.06)	(6,750,000)	(2,105,000)	(24,733,000)	(22,809,000)	(56,397,000)	12,052,743	12,687,503	2,351,402	30,634,579	57,726,228	(158)
PROVINCIAL GOVERNMENT (CONDITIONAL GRANT)															
G/F : CARTERVILLE HOUSING PROJECT	Provincial Government	(956,503)	0	(956,502.59)	0	0	0	0	0	0	0	0	0	0	(956,503)
G/F : 1068 HUISE WD SKENKING	Provincial Government	(738,659)	0	(738,659.45)	0	0	0	0	0	0	0	0	133,946	133,946	(604,713)
G/F : DROMMEDARIS ST EHP	Provincial Government	0	0	0.00	0	0	0	(2,401)	(2,401)	0	0	0	2,401	2,401	0
G/F : P59 FAIRYLANDS INCOME	Provincial Government	(7,986,703)	0	(7,986,703.45)	0	0	0	0	0	0	0	0	30,286	30,286	(7,956,417)
G/F : CHICARGO	Provincial Government	0	0	0.00	0	0	(8,500)	0	(8,500)	0	0	0	0	0	(8,500)
G/F : WHITE CITY / HOUSING SCHEME 51	Provincial Government	0	0	0.00	0	0	0	(50,428)	(50,428)	0	0	0	50,428	50,428	0
G/F : NEW SIZAYAMA	Provincial Government	0	0	0.00	0	0	0	(1,351,834)	(1,351,834)	0	0	0	1,351,834	1,351,834	0
G/F : ERF 2220 (NOODKAMP)	Provincial Government	(802,653)	0	(802,653.13)	0	0	0	0	0	0	0	0	0	0	(802,653)
G/F : GOUDA	Provincial Government	(971,063)	0	(971,062.63)	0	0	0	0	0	0	0	0	208,699	208,699	(762,363)
G/F : DALIOSAPHAT TRANSFERS	Provincial Government	(453,180)	0	(453,180.00)	0	0	0	0	0	0	0	0	0	0	(453,180)
G/F : KINGSTON / LANTANA	Provincial Government	0	0	0.00	0	(1,821,488)	0	(1,290,256)	(3,111,744)	0	0	0	3,111,744	3,111,744	0
G/F : SIYASHALA	Provincial Government	0	0	0.00	0	(79,200)	0	(22,971)	(102,171)	0	0	0	102,171	102,171	0
G/F : PAARL EAST HOUSING PROJECT	Provincial Government	0	0	0.00	0	0	0	(498,931)	(498,931)	0	0	0	413,853	413,853	(85,078)
G/F : SCHEME 49	Provincial Government	(130,183)	0	(130,182.57)	0	0	0	0	0	0	0	0	0	0	(130,183)
G/F : AMSTELHOF PROJECT 35	Provincial Government	(10,348)	0	(10,347.77)	0	0	0	0	0	0	0	0	0	0	(10,348)
G/F : CHESTER WILLIAMS & PAARL LOVERS LANE	Provincial Government	(383,312)	0	(383,312.11)	0	0	0	0	0	0	0	0	0	0	(383,312)
G/F : SILVERTOWN	Provincial Government	(60,000)	0	(60,000.00)	0	0	0	0	0	0	0	0	0	0	(60,000)
G/ F : NCEDOLWETHU/CHRIS HANI	Provincial Government	(2,000)	0	(2,000.00)	0	0	0	0	0	0	0	0	0	0	(2,000)
G/F : DALIOSAPAHT (PHASE 1-3)	Provincial Government	(90,000)	0	(90,000.00)	0	0	0	0	0	0	0	0	0	0	(90,000)
G/F : VLAKKELAND BASIC SERVICES (IN-KIND)	Provincial Government	0	0	0.00	0	0	0	(23,626,323)	(23,626,323)	0	0	0	23,626,323	23,626,323	0
G/F : VLAKKELAND	Provincial Government	(17,700,000)	0	(17,700,000.00)	0	0	0	(19,800,000)	(19,800,000)	0	9,805,020	194,980	16,927,599	26,927,599	(10,572,401)
G/F : LIBRARY GRANT (PROV)	Provincial Government	(97,638)	0	(97,638.38)	(8,613,668)	(5,213,666)	(5,213,666)	0	(19,041,000)	27,837	7,134	20,439	19,025,932	19,081,343	(57,295)
G/F : COMMUNITY DEV WORKER (CDW)	Provincial Government	(473,931)	0	(473,931.29)	0	(111,000)	0	0	(111,000)	6,458	27,622	7,383	27,256	68,719	(516,212)
G/F : PROCLAIMED ROADSSUBSIDIES	Provincial Government	0	0	0.46	0	0	(42,000,000)	(646,800)	(42,646,800)	15,194,794	19,384,208	6,382,609	1,685,449	42,647,000	200
G/F : SPORTFONDS	Provincial Government	(4,919)	0	(4,918.94)	0	0	0	0	0	0	0	0	0	0	(4,919)
G/F : FMG WESTERN CAPE	Provincial Government	(60,000)	0	(60,000.00)	0	0	0	0	0	0	0	0	0	0	(60,000)
G/F : MANDELA ROUTE	Provincial Government	0	0	0.00	0	(100,000)	0	0	(100,000)	0	0	0	85,000	85,000	(15,000)
G/F : DISASTER RELIEF	Provincial Government	0	0	0.00	0	0	0	(26,845,000)	(26,845,000)	0	0	0	5,229,040	5,229,040	(21,615,960)
G/F : FMG WESTERN CAPE	Provincial Government	0	0	0.00	0	0	(255,000)	0	(255,000)	0	0	0	255,000	255,000	0
G/F : DROUGHT RELIEF	Provincial Government	0	0	0.00	0	0	(14,780,000)	0	(14,780,000)	0	0	0	4,136,416	4,136,416	(10,643,584)
G/F : CAPACITY BUILDING	Provincial Government	0	0	0.00	0	0	(240,000)	0	(240,000)	0	0	0	60,249	60,249	(179,751)
		(30,921,092)	0	(30,921,091.85)	(8,613,668)	(7,325,354)	(62,497,166)	(74,134,944)	(152,571,132)	15,229,028	29,123,985	6,605,411	76,468,628	127,522,053	(55,970,171)
OTHER GRANTS : (UNCONDITIONAL)															
G/F : TRAINING LEVY	Other	(1,961,867)	0	(1,961,867.17)	0	(388,481)	(132,433)	(262,236)	(783,150)	23,296	594,545	276,384	1,119,884	2,014,109	(730,908)
G/F: EMERGENCY KITS:O R THAMBOINF SETTLE	Other	(1,191,615)	0	(1,191,614.69)	0	0	0	0	0	0	0	0	0	0	(1,191,615)
G/F : NUMARKT	Other	(12,033)	0	(12,033.38)	0	0	(549,008)	0	(549,008)	0	0	0	0	0	(561,041)
G/F : NON-PROF: OTHER NON-PROFIT INSTITUTIONS	Other	(300,000)	0	(300,000.00)	0	0	0	0	0	0	0	0	0	0	(300,000)
		(3,465,515)	0	(3,465,515.24)	0	(388,481)	(681,441)	(262,236)	(1,332,157)	23,296	594,545	276,384	1,119,884	2,014,109	(2,783,564)
GUARANTEES AND DONATIONS															
G/F : COLIN D BROWN GUARANTEE PIPELINE BUILD	Other	(1,300,000)	0	(1,300,000.17)	0	0	0	0	0	0	0	0	0	0	(1,300,000)
G/F : DONATIONS WATER WEEK	Other	(78,388)	0	(78,387.52)	0	0	0	0	0	0	0	0	78,388	78,388	0
G/F : BICLS :WATER & SEWERAGE	Other	0	0	0.00	0	(281,240)	(116,650)	(3,339,764)	(3,737,655)	0	0	0	0	0	(3,737,655)
G/F : BICLS : REFUSE	Other	0	0	0.00	0	(538,420)	(102,537)	(368,175)	(1,009,132)	0	0	0	0	0	(1,009,132)
G/F : BICLS : ELECTRICAL	Other	(4,810,822)	0	(4,810,821.99)	0	0	0	(9,523,051)	(9,523,051)	0	0	0	0	0	(14,333,873)
G/F : BICLS : WATER & SEWERAGE	Other	(7,670,341)	0	(7,670,340.52)	0	(195,419)	(8,803)	(188,748)	(392,969)	4,145,391	0	0	26,934	4,172,325	(3,890,984)
G/F : UNSPENT MONEY PROJECT 59 (GUARANTEE)	Other	(623,636)	0	(623,635.70)	0	0	0	0	0	0	0	0	0	0	(623,636)
G/F : TRUST FUND : MUN WEDUWEE & WESE PENSIOEN	Other	(363,572)	0	(363,572.47)	0	0	0	0	0	0	0	0	0	0	(363,572)
G/F : GUARANTEE : D V RENSBURG (BURGERS DR)	Other	(38,488)	0	(38,488.00)	0	0	0	0	0	0	0	0	0	0	(38,488)
		(14,885,246)	0	(14,885,246.37)	0	(1,015,079)	(227,989)	(13,419,739)	(14,662,807)	4,145,391	0	0	105,321	4,250,713	(25,297,341)
		(50,601,238)	0	(50,601,238.62)	(65,706,668)	(10,833,914)	(128,094,596)	(141,148,919)	(345,784,097)	56,098,563	73,107,924	40,958,690	142,168,925	312,334,102	(84,051,233)

Unaudited Appendices to the Annual Financial Statements for the year ended 30 June 2018

AUDITOR - GENERAL
2018 -11- 30